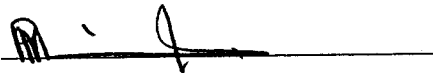


Report No. 161

Investigation into the alleged dumping of toughened glass for incorporation in vehicles originating in or imported from the People's Republic of China: Preliminary determination

The International Trade Administration Commission of South Africa herewith presents
its **Report No. 161: INVESTIGATION INTO THE ALLEGED DUMPING OF
TOUGHENED GLASS FOR INCORPORATION IN VEHICLES ORIGINATING IN OR
IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA: PRELIMINARY
DETERMINATION**



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PRETORIA

10 / 03 / 2006

INTERNATIONAL TRADE ADMINISTRATION COMMISSION

INVESTIGATION INTO THE ALLEGED DUMPING OF TOUGHENED GLASS FOR INCORPORATION IN VEHICLES ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

SYNOPSIS

On 30 September 2005, the International Trade Administration Commission of South Africa (the Commission) formally initiated an investigation into the alleged dumping of toughened glass for the automotive glass replacement market originating in or imported from the People's Republic of China (PRC). Notice of initiation of the investigation was published in Notice No.1802 of 2005 of *Government Gazette* No.28053 dated 30 September 2005.

The Application was lodged on behalf of the Southern African Customs Union (SACU) industry by Automotive Glass Manufacturers' Association, being the industrial organisation for the subject product in SACU, representing the domestic manufacturers of the product under investigation, which claimed that dumped imports were causing it material injury.

The investigation was initiated after the Commission considered that there was sufficient evidence to show that the subject product was being imported at dumped prices, causing material injury to the SACU industry.

Upon initiation of the investigation, known producers and exporters of the subject product in the PRC were sent foreign manufacturers/ exporters questionnaires to complete. Importers of the subject product were also sent questionnaires to complete. The information submitted by the importer of the subject product, Commercial Auto

Glass, was verified on 17 January 2006. The information submitted by the other importer, Wholesale Motor Glass, was deficient and could therefore not be considered by the Commission for purposes of its preliminary determination. The information submitted by the exporter of the subject product, Fuyao Glass Industries Group, was also late and could therefore not be considered by the Commission for purposes of its preliminary determination. The information submitted by the other exporters, Guangzhou Dongxu Automobile Glass and Dongguan Kongwan Automobile Glass was found to be deficient and could not be considered for purposes of the Commission's preliminary determination.

The Commission made a preliminary determination that there was dumping and that the SACU industry was suffering material injury. However, the Commission found that there are factors other than dumping causing injury and therefore detracting from the causal link between the dumping of the subject product and the material injury experienced by the SACU industry. The Commission, therefore, made a preliminary determination to recommend to the Minister of Trade and Industry that the investigation, be terminated.

1. APPLICATION AND PROCEDURE

1.1 APPLICANT

The Application was lodged by Automotive Glass Manufacturers' Association (the Applicant), being the industrial organisation for the subject product in the SACU.

1.2 DATE OF ACCEPTANCE OF APPLICATION

The application was accepted by the Commission as being properly documented in accordance with Article 5.2 of the Anti-Dumping agreement on 7 September 2005. The trade representative of the country concerned was advised accordingly.

1.3 ALLEGATIONS BY THE APPLICANT

The Applicant alleged that imports of the subject product, originating in or imported from the PRC were being dumped on the SACU market, thereby causing and threatening to cause material injury to the SACU industry. The basis of the alleged dumping was that the goods are being exported to SACU at prices less than the normal value in the country of origin.

The Applicant alleged that as a result of the dumping of the subject product from the PRC, the SACU industry was suffering material injury in the form of:

- price undercutting
- price suppression
- decline in sales
- decline in output
- decline in market share
- decline in capacity utilization

- negative effect on cash flow
- negative effect on wages and salaries
- negative effect on employment
- negative effect on the ability to raise capital

1.4 INVESTIGATION PROCESS

The Commission formally initiated an investigation into the alleged dumping of automotive glass originating in or imported from the PRC pursuant to Notice No. 1802 of 2005 which was published in *Government Gazette* No. 28053 on 30 September 2005.

Prior to the initiation of the investigation, the trade representative of the country concerned was notified of the Commission's intention to investigate, in terms of Article 5.5 of the Anti-Dumping Agreement. All known interested parties were informed and requested to respond to the questionnaires and the non-confidential version of the application.

The information submitted by the importer of the subject product, Commercial Auto Glass, was verified on 17 January 2006. The information submitted by the other importer, Wholesale Motor Glass, was deficient and could therefore not be considered by the Commission for purposes of its preliminary determination. The information submitted by the exporter of the subject product, Fuyao Glass Industries Group, was also late and could therefore not be considered by the Commission for purposes of its preliminary determination. The information submitted by the other exporters, Guangzhou Dongxu Automobile Glass and Dongguan Kongwan Automobile Glass was found to be deficient and could not be considered for purposes of the Commission's preliminary determination.

The Commission made a preliminary determination that there was dumping and that the SACU industry was suffering material injury. However, the Commission found that there are factors other than dumping detracting from

causal link between the dumping of the subject product and the material injury experienced by the SACU industry. The Commission, therefore, made a preliminary determination to recommend to the Minister of Trade and Industry to terminate the investigation.

1.5 INVESTIGATION PERIOD

The investigation period for dumping is from 1 April 2004 to 31 March 2005. The injury investigation involved evaluation of data for the period 1 April 2002 to 31 March 2005.

1.6 PARTIES CONCERNED

1.6.1 SACU industry

The SACU industry consists of the following producers which are members of the Automotive Glass Manufacturers' Association:

- (a) FSG Safety Glass (Pty) Ltd
- (b) Shatterprufe (Pty) Ltd

1.6.2 Exporters/Foreign Manufacturers

The following foreign producers were identified by the Applicant:

- (a) Changchun Pilkington Safety Glass Co
- (b) Dongguan Kongwan Automobile Glass Ltd
- (c) Fujian Fuyao Glass Industry Group Ltd
- (d) Guilin Pilkington Safety Glass Co
- (e) Peaceful City Ltd
- (f) Shanghai Yaohua Pilkington Autoglass Co
- (g) Shenzhen Benxun Automotive Glass Co Ltd
- (h) Shenzhen CSG Automotive Glass Co

- (i) TCG International Inc
- (j) Wuhan Yaohuua Pilkington Safety Glass Co
- (k) Xin Yi Automotive Glass Co

The following exporters/ manufactures responded to the Commission's exporters questionnaires:

- (a) Fuyao Glass Industry Group
- (b) Guangzhou Dongxu Automobile Glass
- (c) Dongguan Kongwan Automobile Glass

Information submitted by Fuyao Glass Industry Group was not submitted within the time frames allowed and could therefore not be considered by the Commission for purposes of its preliminary determination. Information submitted by Guangzhou Dongxu Automobile Glass and Dongguan Kongwan Automobile Glass was deficient.

All other identified exporters and/ or manufacturers did not respond to the Commission's exporters questionnaires.

1.6.3 Importers

The following SACU importers were identified as interested parties:

- (a) Commercial Auto Glass
- (b) Grandmark International
- (c) Wholesale Motor Glass

Only Commercial Auto Glass and Wholesale Motor Glass responded to the Commission's importers questionnaires. Information submitted by Commercial Auto Glass was verified on 17 January 2006. The information submitted by Wholesale Motor Glass was deficient and could therefore not be considered by the Commission for purposes of its preliminary determination.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Description

The subject product is described as toughened glass for the replacement market for incorporation in vehicles.

2.1.2 Tariff classification

The subject product is classifiable as follows:

Table 2.1.2:

Tariff Sub-Heading	Description	Unit of measurement	Rate of customs duty %		
			General	EU	SADC
70.07	Safety glass, consisting of toughened (tempered) or laminated glass				
7007.1	-Toughened (tempered) safety glass:				
7007.11	=of size and shape suitable for incorporation in vehicles, aircraft, spacecraft or vessels	Kg	15	15	Free

2.1.3 Other applicable duties and rebates

No other duties and rebates applicable.

2.1.4 Import Statistics

The import statistics, as contained in paragraph 5.3 of this submission, indicated that the volume of the alleged dumped imports of the subject product from the PRC accounted for 52 per cent of total imports in 2004 and 59.7 per cent of the total imports in the first quarter of 2005.

2.1.5 Country of origin/export

The subject product is exported from the People's Republic of China (PRC).

2.1.6 Application/end use

The imported subject product is used for installation/ fitment into automotive vehicles in the replacement market for automotive glass.

2.1.7 Production process

The production process used in producing toughened glass for the automotive glass replacement market is as follows:

- 1 Cut float glass sheets to shape
- 2 Grind the edges, sometimes drill holes
- 3 Wash the sheets
- 4 Apply decorative paint coating or conductive coating as required
- 5 heat and bend and quench single
- 6 Apply heating connectors where required
- 7 Apply trims/ attachments
- 8 Apply trims/ attachments
- 9 Final inspect/ pack

2.2 SACU PRODUCT

2.2.1 Description

The subject product is described as toughened glass for the automotive glass replacement market.

2.2.2 Application/end use

The SACU subject product is used for installation/ fitment into automotive vehicles in the replacement market for automotive glass.

2.2.3 Tariff classification

The SACU product is classifiable under tariff subheading 7007.1.

2.2.4 Production process

The production process used in producing the SACU product is as follows:

- 1 Cut float glass to shape
- 2 Grind the edges, sometimes drill holes
- 3 Wash the sheets
- 4 Apply decorative paint coating or conductive coating as required
- 5 heat and bend and quench single
- 6 Apply heating connectors where required
- 7 Apply trims/ attachments
- 8 Final inspect/ pack

2.3 LIKE PRODUCTS

2.3.1 General

In order to establish the existence and extent of injury to the SACU industry, it is necessary to determine at the outset whether the products produced by the SACU industry are like products to those originating in or imported from the PRC.

2.3.2 Analysis

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

- (1) raw materials and other inputs used in producing the products;
- (2) production process;
- (3) physical characteristics and appearance of the product;
- (4) end use of the product;
- (5) substitutability of the product with the product under investigation;
- (6) tariff classification; and/ or
- (7) any other factor proven to the satisfaction of the Commission to be relevant

(1) Raw materials

The main raw material used in the production of both the imported and the SACU products is float glass.

(2) Production process

Both the imported and the SACU domestic products are manufactured using the same production process.

(3) Physical appearance and characteristics

Both the imported and the SACU products have the same physical appearance and characteristics.

(4) Product end use

Both the imported and the SACU products are used for the same purpose.

(5) Substitutability

Both the imported and the SACU products are fully substitutable.

(6) Tariff classification

Both the imported and the SACU products are classifiable under the same six digit tariff sub heading.

(7) Any other factor proven to the satisfaction of the Commission to be relevant

This information was not provided.

Based on the above, the Commission found that the SACU and the imported products are "like products", for purposes of comparison in this investigation, in terms of Article 2.6 of the Anti-Dumping Agreement.

3. SACU INDUSTRY

3.1 INDUSTRY STANDING

The Applicant provided information with regard to the support and/or opposition to the application.

The Commission found that the application was supported by 89 per cent of the SACU door glass manufacturers. It was evident that the application was supported by domestic producers whose collective output constitutes more than 25 per cent of the total production of the like products produced by the domestic industry and more than 50 per cent of the total production of the like products produced by those expressing an opinion on the application.

Based on the above, the Commission made a preliminary determination that the application was 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

Type of economy

The normal value was determined with Section 32(4) of the ITA Act as basis.

For initiation purposes, the Applicant nominated Turkey as the surrogate country for purposes of the normal value determination. The Applicant indicated that Turkey has a large automotive glass industry which competes directly with Chinese products on the international market. It stated that Turkey is a developing country and a low cost producer. The normal values were based on a price list, provided by a Turkish producer.

Since the information submitted by the exporters could not be considered for purposes of the Commission's preliminary determination, the Commission considered the information supplied by the Applicant as the best information.

4.1.2 Export prices

For purposes of initiation of the investigation, the export price was based on the quotation of the products concerned provided by a Chinese producer.

An adjustment to the FOB value was made to provide for the costs incurred between ex-works and FOB. This adjustment included inland freight, storage, wharfage costs, export documentation and bill of lading charges. The Applicant indicated that based on the SACU industry's experience, these costs are estimated to be 5 per cent of the FOB price.

The Applicant indicated that although the sizes may differ slightly from those indicated under the normal value, the products are like products and models and compete directly with each other on a line-by-line basis.

Since the information submitted by the exporters could not be considered for purposes of the Commission's preliminary determination, the Commission applied this information for purposes of its export price determination.

4.1.3 CONCLUSION - DUMPING

For purposes of its preliminary determination, the Commission found that the subject product originating in or imported from the PRC was being dumped into the SACU market with the following margin:

Table 4.1.3: Margin of dumping

The PRC	Margin of dumping
Normal value	R 24.67/kg
Ex-factory export price	R 13.94/kg
Margin of dumping	R 10.73/kg
Margin of dumping %	77% of ex factory exp price

5. MATERIAL INJURY

5.1 IMPORT VOLUMES AND EFFECT ON PRICES

5.1.1 Import volumes

In any dumping investigation, the Commission normally uses audited import statistics from SARS to determine the volume of the subject product entering the SACU from the countries under investigation and other countries. It considers these statistics to be the most reliable.

The following table shows the volume of all the imports under tariff subheading 7007.11 as obtained from SARS:

Table 5.1.1: Import volumes

Volume (Kg)					Imports as a % of total imports			
7007.11	2002	2003	2004	2005Q1	2002%	2003%	2004%	2005Q1%
Alleged dumped imports	189 686	224 773	434 480	147 552	33.2%	44.2%	52.0%	59.7%
Other imports	382 408	283 302	400 415	99 799	66.8%	55.8%	48.0%	40.3%
Total imports	572 094	508 075	834 895	247 351	100.0%	100.0%	100.0%	100%

The information in the table above shows that the alleged dumped imports increased from 2002 to the first quarter of 2005. The figures for the first quarter of 2005 show a decrease in the alleged dumped imports as a percentage of total imports.

5.1.2 Effect on Domestic Prices

Price undercutting

Price undercutting is the extent to which the price of the imported product is lower than the price of the SACU product.

It was calculated that the imported product undercuts the price of the SACU product by 80 per cent expressed as a percentage of the price of the SACU product.

In calculating the margin of price undercutting the f.o.b. price was adjusted upwards by 30 per cent to calculate the landed cost. The Applicant indicated that this percentage consists of ocean freight (10 per cent), customs duty (15 per cent) and landing and clearance cost (5 per cent).

Price depression

Price depression occurs when the domestic industry experiences a decrease in its selling prices over time.

The table below shows the SACU industry's domestic selling prices:

Company (R/unit)	2002	2003	2004	2005Q1
Shatterprufe	100	108	115	136
FSG Safety glass	100	85	106	102
Consolidated	100	103	117	139

This table was indexed due to confidentiality using 2002 as the base year.

The information in the table shows that no price depression occurred.

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. To determine price suppression, a comparison is made of the percentage increase in cost with the percentage increase in selling price (if any), and whether or not the selling prices have increased by at least the same margin as that at which the cost of production increased.

The following table shows the Applicant's average costs of production and its actual selling prices:

	2002	2003	2004	2005
Price per unit (R)	100	103	117	139
Production cost per unit (R)	100	109	142	153
Production cost as % of price	100	106	121	109

This table was indexed due to confidentiality using 2002 as the base year.

The table above illustrates price suppression.

5.2 Consequent Impact of The Dumped Imports on The Industry

5.2.1 Actual and potential decline in sales

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

Table 5.2.1: Actual and potential decline in sales

Company	2002	2003	2004	2005 Q1 annualised
Shatterprufe	100	85	73	68
FSG Safety glass	100	110	48	32
Consolidated	100	89	69	60

This table was indexed due to confidentiality using 2002 as the base year.

The information in the table above indicates that the Applicant experienced a decrease in its sales volumes.

5.2.2 Profit

The following table shows the Applicant's net profit for the subject product:

Table 5.2.2: Profit

Company	2002	2003	2004	2005 Jan-Mar annualised
Shatterprufe	100	95	83	100
FSG Safety glass	100	70	4	-102
Consolidated	100	92	80	76
Net profit margin	100	99	98	90

This table was indexed due to confidentiality using 2002 as base year

The information in the table above indicates that the Applicant experienced a slight decrease in its net profit from 2002 to the first quarter of 2005.

5.2.3 Output

The following table outlines the Applicant's domestic production volume of toughened automotive glass:

Table 5.2.3: Output

Company	2002	2003	2004	2005 Q1 annualised
Shatterprufe	100	85	72	64
FSG Safety glass	100	130	23	12
Consolidated	100	94	63	56

This table was indexed due to confidentiality using 2002 as base year

The information in the table above indicates that the Applicant experienced a decrease in its output.

5.2.4 Market share

The market share of the alleged dumped imports increased from 11.4 per cent in 2002 to 27.2 per cent in 2004 and 35.2 per cent in the first quarter of 2005.

5.2.5 Productivity

The following table outlines the SACU industry's productivity:

Table 5.2.5: Productivity

Company	2002	2003	2004	2005 Q1 annualised
Shatterprufe	100	85	76	68
FSG Safety glass	100	130	23	12
Consolidated	100	93	66	56

This table was indexed due to confidentiality using 2002 as base year

The table above indicates that the Applicant's productivity decreased significantly.

5.2.6 Return on investment

Return on investment is regarded by the Commission as being the profit before interest and tax as a percentage of the net value of assets.

The following table provides the Applicant's return on total net assets:

Table 5.2.6: Return on investment

Company (All products)	2002	2003	2004	2005 Q1
Consolidated R 000s				
Net profit	100	111	118	37
Net assets	100	102	76	84
Return on net assets	100	109	154	44

This table was indexed due to confidentiality using 2002 as base year.

The table above indicates that the Applicant experienced an improvement in return on investment from 2002 to 2004.

5.2.7 Utilisation of production capacity

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

Table 5.2.7: Utilisation of production capacity

Company	2002	2003	2004	2005 Q1 annualised
Shatterprufe				
Capacity	100	100	100	100
Capacity utilisation	100	85	72	268
FSG Safety glass				
Capacity	100	100	100	100
Capacity utilisation	100	130	23	48
Consolidated				
Capacity (units)	100	100	100	100
Actual production	100	94	63	56
Capacity utilisation	100	94	63	228

This table was indexed due to confidentiality using 2002 as base year.

The table above indicates that the Applicant's capacity utilisation decreased over the period.

5.2.8 Factors affecting domestic prices

There are no other known factors that could affect the domestic prices negatively.

5.2.9 The magnitude of the margin of dumping

The following dumping margin was calculated:

Table 5.2.9: Margin of dumping

Product	Margin of dumping
Door glass	77 % of ex-factory exp price

5.2.10 Actual and potential negative effects on cash flow

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

Table 5.2.10: Cash flow

Door glass	2002	2003	2004	2005 Q1
Shatterprufe	100	93	83	25
FSG Safety glass	100	70	4	-99
Consolidated (Net cash flow)	100	92	80	19

This table was indexed due to confidentiality using 2002 as the base year

The table above indicates that the Applicant's net cash flow decreased over the period 2002 to 2004.

5.2.11 Inventories

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

Table 5.2.11: Inventories

Company	2002	2003	2004	2005 Q1
Shatterprufe: volume	100	91	65	55
Value	100	103	83	75
FSG: volume	100	87	67	61
value	100	87	67	61
Consolidated: volume	100	90	66	56
value	100	101	81	73

This table was indexed due to confidentiality using 2002 as the base year.

The table above indicates a decrease in inventories from 2002 to the first quarter of 2005.

5.2.12 Employment

The following table provides the SACU industry's total production units employed:

Table 5.2.12: Employment

Company	2002	2003	2004	2005 Q1
Shatterprufe (R 000's)	100	100	94	97
FSG Safety glass	100	100	100	100
Consolidated	100	100	95	97

This table was indexed due to confidentiality using 2002 as base year.

The table above indicates that employment decreased by 5 index points from 2003 to 2004 and increased by 2 index points from 2004 to the first quarter of 2005.

5.2.13 Wages

The following table provides the SACU industry's wages:

Table 5.2.13: Wages

Company	2002	2003	2004	2005 Q1 annualised
Shatterprufe (R 000's)				
Production	100	119	114	116
Sales & admin	100	123	94	116
FSG Safety glass				
Production	100	109	114	114
Sales & admin	100	109	108	101
Consolidated				
Production	100	119	114	124
Sales & admin	100	120	97	92

This table was indexed due to confidentiality using 2002 as the base year.

The table above indicates an increase in wages for the period 2002 to 2003 and a decrease from 2003 to the first quarter of 2005.

and a decrease from 2003 to the first quarter of 2005.

5.2.14 Growth

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

Table 5.2.14: Growth

	2002	2003	2004	2005 Q1 annualised
Size of the SACU market	100	88	95	100
SACU industry sales volume	100	88	69	60

This table was indexed due to confidentiality using 2002 as the base year.

5.2.15 Ability to raise capital or investments

The industry indicated that it would not be able to raise capital or investment under the current conditions. However, as it has reserve capacity, it does not need to attract investment.

5.3 CONCLUSION - MATERIAL INJURY

After considering all relevant factors, the Commission found that the Applicant was suffering material injury in that:

- there was price undercutting;
- it experienced price suppression;
- its output declined;
- its sales declined;
- its market share declined;
- its utilisation of production capacity declined;
- there was a negative effect on its cash flow;
- negative effect on wages and salaries
- its employment declined; and
- its inventories increased.

5.4 THREAT OF MATERIAL INJURY

5.4.1 Significant increase of alleged dumped imports

The Applicant referred to paragraph 5.2.14 (growth) where it indicated that imports have doubled during the past two years, despite a declining market.

5.4.2 Freely disposable capacity of the exporters

The Applicant stated that new vehicle sales in China decreased in the first quarter of 2005 for the first time in several years. It stated that considering the significant investments that have been made in the Chinese automotive glass industry, there is a significant free capacity available. The Applicant stated that China's automotive glass exports world-wide are growing rapidly as domestic supply outstrips domestic demand.

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

The Applicant stated that the price from other countries has also decreased, but remain on average nearly 10 times as high as prices from China. The Applicant stated that these disruptive dumped prices will increase the demand for the imported product significantly.

5.4.4 Inventories of subject product

The Applicant indicated that this information is not available, and stated that as indicated, Chinese supply considerably outstrips Chinese demand. It stated that additionally, the USA has imposed anti-dumping duties against Chinese autoglass, which indicates that the Chinese are looking for additional markets in which to offload their products.

5.4.5 State of economy of the PRC

The Applicant stated that the Chinese demand for vehicles increased by 100 per cent in 2003. It stated that this growth slowed to only 15 per cent in 2004, with negative growth in the first quarter of 2005. The Applicant stated that this indicates that Chinese automotive glass producers, which were focused on the large growth of 2003, are desperately looking for additional markets to offload their products, regardless of the price.

5.4.6 Availability of other markets that can absorb the free capacity of the exporter

The Applicant stated that the USA has imposed anti-dumping duties against Chinese autoglass, which indicates that the Chinese are looking for additional markets in which to offload their products.

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

The Applicant stated that FSG is already operating at a loss, while Shatterprufe showed very poor returns on investment. The Applicant stated that as more Chinese products enter the market, buyers become more aware of the price benefits of the dumped products, thereby further increasing demand for the dumped products.

5.5 SUMMARY ON THREAT OF MATERIAL INJURY

The Commission made a preliminary determination that a threat of material injury to the SACU industry exists.

6. CAUSAL LINK

6.1 VOLUME OF IMPORTS AND MARKET SHARE

An indication of causality is the extent of the increase of 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 dumped product.

The Applicant's market share declined from 65.7 per cent in 2002 to 41 per cent in the first quarter of 2005 with a corresponding increase of the alleged dumped imports from 11.4 per cent in 2002 to 35.2 per cent in the first quarter of 2005.

6.2 EFFECT OF DUMPED IMPORTS ON PRICES

The Applicant's information showed that there is price undercutting and price suppression.

6.3 CONSEQUENT IMPACT OF DUMPED IMPORTS

The Applicant indicated that it is suffering material injury in the form of price undercutting, price suppression, decline in sales, output, market share, capacity utilisation, negative effects on cash flow, employment, ability to raise capital and wages and salaries.

6.4 FACTORS OTHER THAN THE DUMPING CAUSING INJURY

6.4.1 The volume and price of imports not sold at dumping prices

The following table shows the volume and price of alleged dumped imports and imports from other countries:

Table 6.4.1: Import volumes

Volume (Kg)					Imports as a % of total imports			
7007.11	2002	2003	2004	2005Q1	2002%	2003%	2004%	2005Q1%
Alleged dumped imports	189 686	224 773	434 480	147 552	33.2%	44.2%	52.0%	59.7%
Other imports	382 408	283 302	400 415	99 799	66.8%	55.8%	48.0%	40.3%
Total imports	572 094	508 075	834 895	247 351	100.0%	100.0%	100.0%	100%

The information in the table above shows that the alleged dumped imports increased dramatically from 2002 to the first quarter of 2005.

6.4.2 Competition between domestic producers

No information was provided in this regard.

6.4.3 Developments in technology

No information was provided in this regard.

6.4.4 Contraction in demand or changes in the patterns of consumption

The Applicant stated that its door glass market has recovered well in 2004, with further growth in 2005, indicating that there have not been changes in the patterns of consumption that would affect the performance of the SACU industry negatively.

6.4.5 Export performance

The Applicant stated that the SACU industry has never been a major exporter, although Shatterpruffe exports a reasonable portion of its production. It stated that there have not been significant changes during the period of investigation.

6.4.6 Competition between foreign and domestic producers

No information was provided in this regard.

6.4.7 Trade restrictive practices

No information was provided in this regard.

6.4.8 Productivity of the domestic industry

As reflected in table 5.2.5 the SACU industry's productivity declined by more than 30 per cent.

6.4.8.1 Other factors

The Commission noted that the margin of injury as reflected by the price disadvantage calculated, was found to be 524 per cent of the f.o.b. export price. However, the margin of dumping calculated was found to be 73 per cent of the f.o.b. export price.

6.5 CONCLUSION ON CAUSAL LINK

Based on the difference in the margin of injury and the margin of dumping of 451 per cent, that could not be causally linked to the dumping, the Commission found that factors other than the dumping caused injury and therefore detracted from the causal link between the dumping and the material injury experienced by the SACU industry.

7. SUMMARY OF FINDINGS

7.1 Calculation of duty

In accordance with Article 9.1 of the Anti-Dumping Agreement, the provisional payment should be less than the dumping margin if such lesser duty would be adequate to remove the injury to the domestic industry. The provisional payment should therefore not be more than the amount of the price disadvantage experienced by the SACU industry. If this is lower than the dumping margin it can be considered to be the amount of duty required to prevent further injury to the SACU industry during the investigation as a result of the further importation of the subject product at the dumping margins that were found by the Commission.

7.2 Price disadvantage

The price disadvantage is the extent to which the price of the imported product (landed cost) is lower than the unsuppressed and undepressed ex-factory selling price of the SACU product. It is the Commission's policy that the price disadvantage is only applied when both the exporter and the importer responded in the investigation.

The price disadvantage was calculated as follows:

Table 7.2.1 Price disadvantage

	Rand/kg
Price disadvantage as % of F.O.B	524%

The following table compares the price disadvantage with the margin of dumping:

Table 7.2.2

PRC	Price disadvantage	Margin of dumping as % of f.o.b
Toughened glass	527%	73%

7.3 Amount of duty:

The amount of duty was concluded to be the following:

Table 7.3: Rate of duties

PRC	Rate of provisional payments
Toughened glass	73% of f.o.b exp price

8. DETERMINATION

The Commission made a preliminary determination that:

1. the subject product originating in or imported from the People's Republic of China was being dumped into the SACU market;
2. the SACU industry is suffering material injury; but
3. there are factors other than dumping causing injury and therefore detracting from causal link between the dumping of the subject product and the material injury experienced by the SACU industry as reflected by the price disadvantage.

Therefore, the Commission made a preliminary determination to recommend to the Minister of Trade and Industry to terminate the investigation.

Interested parties will be invited to submit comments on the preliminary determination within the specified time periods, which the Commission will consider prior to making its final determination and recommendation to the Minister of Trade and Industry.