

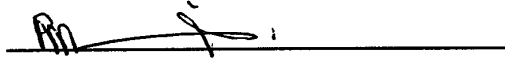


International Trade Administration Commission of South Africa

REPORT NO. 45

**INVESTIGATION INTO THE ALLEGED DUMPING OF FLAT
ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL
PAINTED, VARNISHED OR COATED WITH PLASTIC,
ORIGINATING IN OR EXPORTED FROM AUSTRALIA:
FINAL DETERMINATION**

The International Trade Administration Commission of South Africa herewith presents Report No. 45: INVESTIGATION INTO THE ALLEGED DUMPING OF FLAT ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL PAINTED, VARNISHED OR COATED WITH PLASTIC, ORIGINATING IN OR EXPORTED FROM AUSTRALIA: FINAL DETERMINATION



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ADMINISTRATION COMMISSION OF SOUTH AFRICA**

PRETORIA

20 / 02 / 2004

**INTERNATIONAL TRADE ADMINISTRATION COMMISSION
REPORT NO. 45**

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SYNOPSIS

General

Time frames

09 October 2002	Accepted as properly documented
10 October 2002	Foreign trade representatives notified
14 -16 October 2002	Applicant's information verified
06 November 2002	Merit submission to the Commission
15 November 2002	Initiation, Government Gazette Notice 2942 of 2002
7-10 April 2003	Importers information verifications
31 July 2003	Preliminary determination made by the Commission
10 October 2003	Government Gazette No. 25556, Notice R1377 SARS Imposition of Provisional Payments. Duty is imposed up to and including 09 April 2004.
18 November 2003	Closing date for comments on the preliminary determination
01 December 2003	Extension granted to BlueScope Steel to comment on the preliminary determination
28 January 2004	Final determination made by the Commission

Investigation periods: Dumping: 01 July 2001 to 30 June 2002
 Injury: 01 January 1999 to 30 June 2002

Industry standing

The application was lodged on behalf of the Southern African Customs Union (SACU) industry by Iscor Limited, which represents 80% of the domestic industry.

Like product

The Applicant submitted sufficient information to indicate that the domestically manufactured product is a like product to the imported product. While Blue Scope Steel Southern Africa (Pty) Ltd, formerly BHP Steel Southern Africa (Pty) Ltd (importer) imports the like product it also imports a Zincalume covered with a resin under tariff heading 7210.70 on which the application was initiated. BlueScope Steel Southern Africa (Pty) Ltd provided information that this product is not a like product to the Applicants subject product.

The Commission in its final determination confirmed that Colorbond imported from Australia was a "like product" to that of the Applicant's Chromadek. Zinalume imported under tariff heading 7210.70 covered with a resin was found not to be a like product.

Dumping

BlueScope Steel Australia (exporter) submitted normal values for the two products exported to the South African Customs Union (SACU) during the investigation period. The Commission used the unverified normal values as best information available to determine the dumping margin from Australia.

Adjustments

BlueScope Steel Australia claimed adjustments to its normal value but since all information as requested by the Commission was not provided as required in the exporters questionnaire, the Commission did not allow those adjustments.

Export price

A weighted average export price was constructed based on the information supplied by BlueScope Steel SA.

Adjustment

The terms of credit were not adjusted in the cost build-ups provided by the importer. However, this adjustment was calculated and subtracted from the fob price.

Margin of dumping

The margin of dumping, based on BlueScope Steel Australia and BlueScope Steel South Africa information, and was determined to be 79% in the final determination.

Material injury

On the basis of information before the Commission, it was found that the SACU industry was experiencing material injury.

Causality

The dumped import volumes from Australia increased from 41 tons in 1999 to 9535 tons in 2001. The market share of the dumped imports increased from less than 0.1% in 1999 to approximately 14% in the first six monthly of 2002. The prices from Australia undercut Iscor's prices, resulting in price suppression.

The Commission, in spite of excluding Zincalume imported under the tariff sub-heading 7210.70, came to the conclusion that there was sufficient evidence that injurious dumping was taking place.

BlueScope Steel alleged that the imported product sells at a premium and services a niche market. The Commission however, found that price undercutting was taking place. With the exception of 1999, import prices from Australia were also lower than prices from other countries.

The Commission considered all other known factors that contributed to the SACU industry's dumping, but found that this did not affect the causal link. The Commission therefore found material injury caused by the dumping from Australia.

Recommendation

The Commission found sufficient proof of injurious dumping and therefore recommended to the Minister of Trade and Industry that definitive duties be imposed.

APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

This investigation is conducted in accordance with the International Trade Administration Act, 2002 (the ITA Act), and the World Trade Organization Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade, 1994 (the Anti-Dumping Agreement).

1.2 APPLICANT

The application was lodged by Iscor Ltd (Applicant), the major producer of the subject product in the SACU.

1.3 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 9 October 2002. The trade representative of Australia was advised accordingly.

1.4 BASIS OF APPLICATION

The Applicant alleged that imports of the subject product, originating in or imported from Australia, were being dumped on the SACU market, thereby causing material injury to the SACU industry. The basis of the alleged dumping was that the goods are being exported to South Africa at prices less than the normal value in the country of origin. The Applicant suffered material injury as a result of dumping of the subject products from Australia in the form of:

- a. Price undercutting
- b. Price depression in real terms
- c. Decline in output
- d. Decline in domestic sales
- e. Decline in market share
- f. Decrease in profits
- g. Decline in utilization of production capacity

BlueScope Steel submitted that the Commission's entitlement to initiate an investigation is provided for in terms of Articles 5.1, 5.2 and 5.3 of the Anti-Dumping Agreement. They further submitted that the Commission erred fundamentally in proceeding with the investigation into rolled products of iron or non-alloy steel, painted, varnished or coated with plastic classifiable under tariff sub-headings 72.10.70 and 7212.40, originating in or imported from Australia ("the investigation") when the evidence with which the Commission was furnished by the Applicant in respect of dumping, causation and injury was insufficient and inaccurate and as such did not meet the requirements set out in Articles 5.2 and 5.3 of the WTO Anti-Dumping Agreement.

The Commission determined that the Applicant has only to provide evidence of a prima facie case that dumping and material injury has taken place to initiate an investigation. The Applicant provided sufficient information on dumping, injury and causality to initiate this investigation.

1.5 INVESTIGATION PROCESS

The Commission accepted the application as properly documented on 9 October 2002. The information submitted by the Applicant was verified on 15 and 16 October 2002. After establishing that there was a prima facie case the Commission initiated the investigation. The investigation was initiated on 15 November 2002, in Government Gazette No. 24042 by Notice No. 2942.

INVESTIGATION PERIOD

Investigation periods:	Dumping:	01 July 2001 to 30 June 2002
	Injury:	01 January 1999 to 30 June 2002

1.7 PARTIES CONCERNED

1.7.1 SACU industry

The SACU industry consists of the following producers of the subject product:

- a. Iscor Ltd (Applicant)
- b. HH Robertson (This producer did not formally participate in the investigation as an interested party, but on request from the Commission HH Robertson supplied information on its production and sales volume)

1.7.2 Exporters/Foreign Manufacturers

BlueScope Steel Limited, formerly BHP Steel Limited ("exporter") was identified as an interested party.

1.7.3 Importers

- a. BlueScope Steel Southern Africa (Pty) Ltd, formerly BHP Steel Southern Africa (Pty) Ltd ("importer")
- b. Safintra (Pty) Ltd.

The Commission identified other importers of the subject product and supplied same with questionnaires as interested parties. They did not respond to the Commission's questionnaires.

2 PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Description

The subject product is described as:

Flat-rolled products of iron or non-alloy steel, painted, varnished or coated with plastic.

2.1.2 Tariff classification

The subject product is currently classifiable as follows:

Tariff Heading	Description	Duty	SADC
7210.70	Flat-rolled products of Iron or Non Alloy Steel, of a width of 600mm or more, clad, plated or coated: Painted, varnished or coated with plastics.	5%	Free
7212.40	Flat-rolled products of Iron or Non Alloy Steel, of a width of less than 600mm, clad, plated or coated: Painted, varnished or coated with plastics.	5%	Free

2.1.3 Country of origin/export

The subject product originates in and is exported from Australia.

2.1.4 Application/end use

The imported subject product is used for roofing, white goods, guttering, down pipes, wall cladding, etc.

2.1.5 Production process

The production process applied is universally similar. The colour coated steel products exported from Australia to the SACU are subject to a similar production process as the Applicant's products except that where the Applicant's coils are galvanized with zinc, the exporter's products are coated with zinc and aluminum. Thereafter both are coated with a specialized paint.

2.2 SACU PRODUCT

2.2.1 Description

Flat-rolled products of iron or non-alloy steel, painted, vanished or coated with plastic.

Trade name of Applicant is **Chromadek**.

2.2.2 Application/end use

The SACU product is used for roofing, white goods, guttering, down pipes, wall cladding, etc.

2.2.3 Tariff classification

The subject product is currently classifiable under tariff subheadings 7210.70 and 7212.40.

2.2.4 Physical appearance and characteristics

The colour range of the imported product might differ from the Applicant's product. The products may also differ slightly in thickness. The imported product is alleged to be more corrosive resistant than the Applicant's product. However, this does not change the fact that the products essentially have the same physical appearance and characteristics.

2.2.5 Production process

With regard to the product concerned there are nine stages in the production process namely:

- a. Iron manufacturing
- b. Steel manufacturing
- c. Hot strips mill route
- d. Picking line
- e. Cold-rolling
- f. Galvanized process
- g. Annealing (cold rolled substrate only)
- h. Temper rolling (cold rolled substrate only)
- i. Colour coating line (for galvanized substrate and cold rolled substrate)

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 Australia.

Footnote 9 to Article 3 of the Anti-Dumping Agreement provides as follows:

"Under this Agreement the term "injury" shall, unless otherwise specified, be taken to mean material injury to a domestic industry, threat of material injury to a domestic industry or material retardation of the establishment of such an industry and shall be interpreted in accordance with the provisions of this Article. "[own underlining].

Article 4.1 of the Anti-Dumping Agreement provides as follows:

"For the purposes of this Agreement, the term "domestic industry" shall be interpreted as referring to the domestic producers as a whole of the like products..."[own underlining].

Article 2.6 of the Anti-Dumping Agreement provide as follows:

Throughout this Agreement the term 'like product' ('produit similaire') shall be interpreted to mean a product which is identical, i.e. alike in all respects to the product under consideration, or in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the product under consideration."[own underlining].

2.3.2 Analysis

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

- a. raw material used;
- b. physical appearance and characteristics; ;
- c. tariff classification;
- d. method of manufacturing; and
- e. customer demand and end use.

a. Raw materials

The raw materials used in both the imported and domestic products are the same except that the BlueScope Steel also uses aluminum together with zinc whereas the Applicant uses only zinc to cover the substrate before it is painted. The raw materials used are iron ore, screened sinter, metallurgical coke, alloys, coating materials and paint. The exporter's subject product, Colorbond and the Applicant's subject product, Chromadek are painted while the second imported product Zincalume is sprayed with a transparent resin and is not colour coated.

b. Physical appearance and characteristics

The physical appearance and characteristics of the subject product Colorbond imported by BlueScope Steel SA and Chromadek are the same. The Zinalume covered with a resin is not painted.

c. Tariff classification

The products manufactured domestically and those imported are both classifiable under the same six digit tariff subheadings namely 7210.70 and 7212.40. The subject merchandise imported from BlueScope Steel Australia to SACU description is "flat rolled products of iron or steel painted, varnished or coated with plastics Zinalume."

d. Method of manufacturing

The method of manufacturing processes of both the imported and domestic products are the same namely: iron manufacturing, steel manufacturing, hot strip mill route, picking line, cold rolling, galvanized process, annealing, temper rolling and colour coating. The only difference is that the exported product is also coated with aluminium and zinc, before it is painted and used to produce roofing.

e. Customer demand and end-use

The customer demand and end use of both the imported subject product Colorbond and domestic Chromadek are the same namely roofing, guttering, down pipes, white goods and wall cladding. The colour range of the imported product might differ from the Applicant's product. The products may also differ slightly in thickness. However, this does not change the fact that the products have essentially the same physical appearance and characteristics.

Whilst BlueScope Steel were of the view that the products Colorbond and Chromadek were "like" products for the purposes of the investigation, BlueScope Steel indicated that Colorbond is usable 200 to 400m from breaking surf and that according to Iscor's brochure Chromadek was not

BlueScope Steel indicated that Colorbond is usable 200 to 400m from breaking surf and that according to Iscor's brochure Chromadek was not recommended for distances up to 10kms from a salt spray area.

Accordingly, BlueScope Steel alleged that the sale of Colorbond has had a minimal injurious effect on Iscor's domestic market in respect of Chromadek. The Iscor product, Chromadek is not designed nor is it intended for the same coastal regions as Colorbond. Chromadek Plus is the Iscor product, which is marketed and designed for use in coastal regions, i.e. 50 m from breaking surf.

The Commission held an oral hearing on the issue of "like product" BlueScope Steel was represented by legal Counsel. The Commission determined that the investigation covers all painted products of iron or steel with all its variations and Chromadek Plus and Colorbond Ultra are part of the subject product.

The Applicant responded to this allegation by stating that its brochure, recommends the use of Chromadek Plus within the salt spray zone (0-10 km from the sea) or industrial environments with strong acid-vapour accumulation and this product is backed by a warranty of up to 10 years. It is, amongst other, alleged by BlueScope Steel that Colorbond is serviceable 200-400 meters from breaking surf. A datasheet was however obtained of the Exporter's product on sale in South Africa. The datasheet states that the Colorbond warranty is subject to "Installation greater than 1 km from severe marine and industrial environments". Colorbond has a life span of 10 years from the date of installation.

After considering the above factors, the Commission was satisfied that the SACU product and the imported products namely Colorbond are "like products", for purposes of comparison in this investigation, in terms of Article 2.6 of the Anti-Dumping Agreement.

SACU INDUSTRY

3.1 INDUSTRY STANDING

Article 5.4 of the Anti-Dumping Agreement provides as follows:

"An investigation shall not be initiated pursuant to paragraph 1 unless the authorities have determined, on the basis of an examination of the degree of support for, or opposition to the application expressed by domestic producers of the like product, that the application has been made by or on behalf of the domestic industry. The application shall be considered to have been made "by or on behalf of the domestic industry" if it is supported by those domestic producers whose collective output constitutes more than 50 per cent of the total production of the like product produced by that portion of the domestic industry expressing either support for or opposition to the application. However, no investigation shall be initiated when domestic producers expressly supporting the application account for less than 25 per cent of total production of the like product produced by the domestic industry."

The Applicant provided information with regard to the support and/or opposition to the application. The Directorate: Trade Remedies II wrote a letter to the only other manufacturer, HH Robertson requesting its production and sales figures during the investigation period. The following table is based on the actual production volumes for the total domestic industry:

Manufacturer	Production volume- Applicant	Production volume - Neutral
Applicant:	80%	
Other manufacturers 1.HH Robertson		20%
Total SACU	80%	20%

Based on the information the application was supported by 80% of the SACU industry. The application was therefore supported by domestic producers whose collective output constitutes more than 25% of the total production of the like product produced by the domestic industry and more than 50% of the total production of the like product produced by those expressing an opinion on the application.

The Commission, therefore, decided that the application was made "by or on behalf of the domestic industry".

4. DUMPING

4.1 DUMPING

Section 1 of the ITA Act, defines "dumping" as follows:

"'dumping' means the introduction of goods into the commerce of the Republic or the Common customs area of the Southern African Customs Union at an export price contemplated in section 32(2)(a) that is less than the normal value, as defined in section 32(2) of the goods."

4.2 NORMAL VALUE

Normal values are determined in accordance with section 32(2)(b) of the ITA Act. This section provides as follows:

"'normal value' means -

- (i) the comparable price paid or payable in the ordinary course of trade for like goods intended for consumption in the exporting country or country of origin; or
- (ii) in the absence of information on a price contemplated in subparagraph (i), either-
 - (aa) the constructed cost of production of the goods in the country of origin when destined for domestic consumption, plus a reasonable addition for selling, general and administrative costs and for profit; or
 - (bb) the highest comparable price of the like product when exported to an appropriate third or surrogate country, as long as that price is representative."

4.3 EXPORT PRICE

Export prices are determined in accordance with section 32(2)(a) of the ITA Act, which provides as follows:

"export price", subject to subsections (3) and (5), means the price actually paid or payable for goods sold for export, net of all taxes, discounts and rebates actually granted and directly related to that sale;

Section 32(5) and 32(6) of the ITA Act further provides as follows:

- (5) The Commission must, despite the definition of "export price" set out in subsection (2), when evaluating an application concerning dumping that meets the criteria set out in subsection (6), determine the export price for the goods in question on the basis of the price at which the imported goods are first resold to an independent buyer, if applicable, or on any reasonable basis.
- (6) Subsection (5) applies to any investigation of dumping if, in respect of the goods concerned-
 - (a) there is no export price as contemplated in the definition of dumping;
 - (b) there appears to be an association or compensatory arrangement in respect of the export price between the exporter of foreign manufacturer concerned and the importer or the third party concerned; or
 - (c) the export price actually paid or payable is unreliable for any other reason.

4.4 ADJUSTMENTS

Article 2.4 of the Anti-Dumping Agreement provides as follows:

"A fair comparison shall be made between the export price and the normal value. This comparison shall be made at the same level of trade, normally at the ex-factory level, and in respect of sales made at as nearly as possible the same time. Due allowance shall be made in each case, on its merits, for differences which affect price comparability, including differences in conditions and terms of sale, taxation, levels of trade, quantities, physical characteristics, and any other differences which are also demonstrated to affect price comparability. In the cases referred to in paragraph 3, allowances for costs, including duties and taxes, incurred between importation and resale, and for profits accruing, should also be made. If in these cases price comparability has been affected, the authorities shall establish the normal value at a level of trade equivalent to the level of trade of the constructed export price, or shall make due allowance as warranted under this paragraph. The authorities shall indicate to the parties in question what information is necessary to ensure a fair comparison and shall not impose an unreasonable burden of proof on those parties."

Both the Anti-Dumping Agreement and the ITA Act provide that due allowance shall be made in each case for differences in conditions and terms of sale, in taxation and for differences affecting price comparability. The Commission considers that for an adjustment to be allowed, quantifiable and verified evidence has to be submitted, and it must further be demonstrated that these differences actually affected price comparability at the time of setting the prices.

4.5 COMPARISON OF EXPORT PRICE WITH NORMAL VALUE

The margin of dumping is calculated by subtracting the export price from the normal value of the product (after all adjustments have been made). The margin is then expressed as a percentage of the export price. If the margin is less than two percent, it is regarded as *de minimis* in terms of the Anti-Dumping Agreement and no anti-dumping duty will be imposed.

The margin of dumping is calculated in the currency of the country of export. Article 5.3 of the Anti-Dumping Agreement provides as follows:

"The authorities shall examine the accuracy and adequacy of the evidence provided in the application to determine whether there is sufficient evidence to justify the initiation of an investigation."

BlueScope Steel Australia, the exporter, responded to the questionnaire but its information was not verified due to deficiencies, since some of the questions in the exporters questionnaire were not answered. No cost build-up was provided and therefore it was not possible to establish whether the subject product was sold at a loss. Furthermore, domestic sales were not given on a transaction basis as requested, making it impossible to accurately determine the normal value. BlueScope Steel Australia only supplied monthly average domestic selling prices and adjustments for the dumping investigation period for the two products exported to SACU. BlueScope Steel South Africa, the importer, supplied export prices plus all the costs incurred from fob to the first independent buyer. Using this information it was possible to calculate a dumping margin.

The Commission thus decided, in the final determination to use the exporter's normal value and the importer's information to determine whether dumping was taking place.

4.6 METHODOLOGY IN THIS INVESTIGATION FOR AUSTRALIA

Type of economy

Australia is considered to be a country with a free market economy and therefore the normal value as defined as per section 32(2)(b) of the ITA Act applies.

4.6.1 Normal value based on the information supplied by BlueScope Steel Australia (Exporter).

BlueScope Steel Australia provided monthly domestic sales totals in value (Australian \$) and volumes for the dumping investigation period for the two thick nesses of the subject product, Colorbond exported to SACU. A weighted average normal value was then calculated.

Normal value adjustments claimed by BlueScope Steel Australia.

The exporter claimed various adjustments to the normal value but since the exporter did not co-operate fully, the Commission did not allow these adjustments.

4.6.2 Export prices

The export price was calculated on information provided by BlueScope Steel Australia and BlueScope Steel South Africa. BlueScope Steel South Africa the importer is a full subsidiary of BlueScope Steel Australia. The importer provided the fob prices of all export transactions during the dumping investigation period. The costs from fob Australia to the first independent buyer in SACU were also provided. A weighted average export price was calculated from all sales of the subject product to SACU. The ex-factory export price after adjustments was calculated on information provided by the importer and exporter.

4.6.2.1 Adjustment to the export price

During the verification visit at BlueScope Steel South Africa it was established that the cost build-ups did not account for the cost of credit to the first independent buyer. BlueScope Steel South Africa provided credit cost and an adjustment was calculated to the export price, which the Commission allowed in the final determination.

BlueScope Steel states that the price at which BlueScope Steel Australia charges BlueScope Steel SA is based on the price which BlueScope SA charges its independent customers and which price is negotiated between Blue Scope Steel Australia and such customer. Article 2.4.1 provides that

"when the comparison under paragraph 4 requires a conversion of currencies, such conversion should be made using the rates of exchange on such date of sale,⁸ provided that when a sale of foreign currency on forward markets is directly linked to the export sale involved, the rate of exchange in the forward sale shall be used. Fluctuations in exchange rates shall be ignored and in an investigation the authorities shall allow exporters at least 60 days to have adjusted their export prices to reflect sustained movements in exchange rates during the period of investigation".

BlueScope Steel submits that the WTO Anti-Dumping Agreement provides that the exchange rate to be applied is that of the date of sale unless there are sustained movements in the rates of exchange over the period of investigation in which event the exporter has at least 60 days to adjust its export prices. It is evident that there were sustained movements in exchange rates over the period of investigation. Alternatively BlueScope Steel argues that the average exchange rate over the period of investigation should be applied which will result in a significant reduction in the dumping margin.

The Commission decided not to allow the exchange rate movement adjustment claimed by the Exporter, BlueScope Steel Australia, as the information had not been verified and the argument advanced by BlueScope Steel Australia did not include details of forward sales.

The Commission decided to confirm its preliminary determination.

4.6.3 Margin of dumping

BHP Steel Australia

The following margin of dumping was calculated.

The dumping margin was calculated on information supplied by BlueScope Steel SA and BlueScope Steel Australia.

Table 4.6.3

Description	Per Tonne
Margin of dumping expressed as a % of the fob price/ton	79%

4.7 CONCLUSION - DUMPING

The Commission found that the subject product originating in or exported from Australia was being dumped into the SACU market at the margin of 79%.

5 MATERIAL INJURY

5.1 DOMESTIC INDUSTRY FOR THE PURPOSE OF DETERMINATION OF INJURY

Article 3 of the Anti-Dumping Agreement is entitled "Determination of injury". Footnote 9 of Article 3 of the Anti-Dumping Agreement the word "injury" provides as follows:

"Under this agreement the term "injury" shall, unless otherwise specified, be taken to mean material injury to a domestic industry, threat of material injury to a domestic industry or material retardation of the establishment of such an industry and shall be interpreted in accordance with the provisions of this Article."

5.2 GENERAL

Article 3.1 of the Anti-Dumping Agreement provides as follows:

"A determination of injury for purposes of Article VI of GATT 1994 shall be based on positive evidence and involve an objective examination of both.

- (a) the volume of the dumped imports and the effects of the dumped imports on the prices in the domestic market for the like products, and
- (b) the consequent impact of these imports on domestic producers of such products".

Article 4.1 of the Anti-Dumping Agreement further provides as follows:

"For purposes of this Agreement, the term "domestic industry" shall be interpreted as referring to the domestic industry as a whole of the like products or to those of them whose collective output of the products constitutes a major proportion of the total domestic production of those products,"

The Commission confirmed that the Zincalume covered with a resin was not a "like product" to the subject product and that it be excluded for injury analysis. During verification at another importer, Safintra (Pty) Ltd, it was established that it also imported the subject product under tariff sub-heading 7210.90, and the Commission decided to include these imports for injury analysis.

The following injury analysis relates to the Applicant, which constitutes 80% of the total domestic production of the subject product. This constitutes "a major proportion" of the total domestic production, in accordance with Article 4.1 of the Anti-Dumping Agreement.

5.3 IMPORT VOLUMES AND EFFECT ON PRICES

5.3.1 Import volumes

With reference to Article 3.1(a) of the Anti-Dumping Agreement, Article 3.2 of the Anti-Dumping Agreement provides as follows:

"With regard to the volume of the dumped imports, the investigating authorities shall consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in the importing Member."

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

As the Commission decided that Zincalume covered with a resin was not a like product to the subject product cleared under tariff sub-heading 7210.70 this product was excluded from the import statistics.

The following table provides the imports of the subject product for the investigation period:

Table 5.3.1.1

Tariff sub-headings 7210.70, 7212. 40 & 7210.90 (Safintra's imports)	1999	2000	2001	2001 Jan- June	2002 Jan - June
Australia	41	972	9 535	4 506	5 785
Other countries	7 268	8 306	7 425	3 165	2 516
All countries	7 309	9 278	16 960	7 671	8 301
% of Australian imports	0.56	10.48	56.22	58.74	69.69
% of other countries imports	99.44	89.52	43.78	41.26	30.31
% of total imports	100	100	100	100	100

The dumped imports of the subject product, Colorbond, increased from 0.56% of total imports in 1999 to 69.69% of total imports during the first six months of 2002 this reflects the increasing magnitude of dumping by Australia.

BlueScope Steel states that the Commission's methodology in deducting only the Zinalume imports in respect of the 16 customers is flawed. The Commission should have deducted the total quantity of Zinalume imported i.e. with respect to all BlueScope Steel SA's customers including the 16 customers. In failing to do so, the Commission based its conclusion that "*the imports of the subject product increased from 41 tons in 1999 to 9450 tons [in 2002]*" on information that reflected alleged injury when in fact this information was incorrect and suggested that greater volumes of Colorbond were imported than were in fact imported.

The importer Blue Scope Steel SA provided import information for some of the importers identified with regard to the imported colour coated products. Safintra, an importer of the subject product, did its own clearing and did not import any Zinalume under tariff sub-heading 7210. 70. Therefore all Safintra's imports under 7210. 70 and 7210.90 were of the subject product, Colorbond. It was thus correct to subtract the Zinalume imports identified and verified from the import statistics in order for the Commission to make a determination on import volumes of the subject product.

5.3.2 Effect on Domestic Prices

With reference to Article 3.1(a) of the Anti-Dumping Agreement, Article 3.2 of the Anti-Dumping Agreement further provides as follows:

"With regard to the effect of the dumped imports on the prices, the investigating authorities shall consider whether there has been a significant price undercutting by the dumped imports as compared with the price of a like product of the importing Member, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. No one or several of these factors can necessarily give decisive guidance."

5.3.2.1 Price undercutting

Price undercutting is the extent to which the landed cost of the imported product is lower than the ex-factory selling price per unit of the SACU product.

In the final determination the Commission confirmed that to do a proper price comparison between the imported product and the Applicant's product, the Commission would have to convert the per ton price of both products to per square meter as the products in the domestic market are traded per square meter. The imported product was found to be mostly of thinner gauge and, per ton, was selling at a higher price than the thicker material manufactured by the Applicant.

The price per ton of the subject product becomes more expensive the thinner the product is. The Importer sells mainly two thicknesses namely 0,42mm and 0,48mm and the Applicant sells 0,50mm, 0,58mm and 0,80mm. The average thickness of the imported product sold to SACU was 0.45mm compared to the average domestic sales of the Applicant of 0.63 mm. The most appropriate way to compare prices is therefore the price per square meter.

The following table provides the prices per square meter for the years 2001 and 2002:

Table 5.3.2.1

Year	2001	2002
Price undercutting %	100	16

The table is indexed for confidentiality with 2001 as base year

From the table above it is evident that the Importer was undercutting the Applicant's price when compared per square meter.

BlueScope Steel stated that the Commission's methodology in effecting this calculation is flawed because the 0.42mm and 0.48mm measurements represent 'Base Metal Thickness' ("BMT") measurements of the importer whereas the 0.50mm, 0.58mm and 0.8mm thicknesses represent the 'Total Coated Thickness' ("TCT") of the Iscor products. BMT refers to the thickness of the metal without its top coating which in the case of Colorbond would be zinc aluminium coating and paint. TCT refers to the thickness of the metal with its top coating which in the case of Colorbond would be zinc aluminium coating and paint. TCT and BMT prices differ from one another. Therefore the Commission in its price undercutting calculation failed to compare comparable products with one another thereby rendering the conclusion that the Applicant has suffered price undercutting of 16% meaningless. The Commission cannot therefore rely on this calculation as an indicator of material injury.

The Applicant's brochure under the heading "Dimensions", it states that "The normal thickness includes the zinc coating, but excludes the paint system." Therefore, in order to compare the Applicant's thick nesses with that of BlueScope Steel, the Applicant's nominal thickness should be adjusted to arrive at a comparable base metal thickness that will be equal to BlueScope Steel.

The table below shows the Applicant's adjusted base metal thickness.

Table 5.3.2.2

Applicant's nominal thickness Less:	0.500 mm	0.580 mm	0.800 mm
Equivalent thickness in mm of Zinc coating included above	(0.038 mm)	(0.038 mm)	(0.038 mm)
Base metal thickness	0.462 mm	0.542 mm	0.762 mm

The importer, Safintra, who buys from Applicant, and the exporter supplied the Commission with its monthly prices/sq m on the exporters 0.47 mm compared to the Applicant's 0.50mm per sq meter and up to 31 January 2002 the imported subject product price/sq m. from Australia delivered to Safintra was undercutting the Applicant's price/sq m.

5.3.2.2 Price depression

Price depression occurs when the domestic industry experiences a decrease in its selling prices over time. The table below shows the domestic industry's average domestic selling prices after discounts and rebates:

Table 5.3.2.3

Year	1999	2000	2001	2002 Jan-Jun
price	100	112	120	121

The table is indexed for confidentiality with 1999 as base year

The Applicant's average prices increased by 12 index from 1999 to 2000. Since the year 2000 to 2002 the price only increased marginally by 9 index points which was below the production price index.

BlueScope Steel stated that in the preliminary determination, the substantiation for price depression was the fact that the Applicant's average prices increased by 20 basis points between 1999 and 2001 but only marginally between 2001 and June 2002. It is clear they argue that the Applicant suffered no price depression. What is notable however is that these 20 basis points were well within the injury investigation period (24 months) which was between 1 January 1999 and 31 June 2002 and the marginal increase was reflecting an 18 month period only as opposed to a full 24 month period which would have altered the trend.

In addition, taking into consideration the figures furnished in the tables of the injury memorandum, it is clear that save for the period March 2002 to June 2002 in respect of the Chromadek 0.5mm TCT product where the Applicant's prices dropped very slightly, the Applicant's prices have remained constant or increased consistently.

The Commission in its preliminary Report did not determine that price depression was taking place, but only that the Applicant was experiencing price undercutting and price suppression.

5.3.2.3 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. 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 at which the cost of production increased.

The following table shows the Applicant's average costs of production and its average selling prices after discounts and rebates for the subject product:

Table 5.3.2.4

	1999	2000	2001	2002
Price as % of cost	100	121	116	92

The table is indexed for confidentiality with 1999 as base year

The information in the table above shows that the Applicant was not able to recover its increase in production cost in its selling prices between 2000 and 2002. As a result, it experienced price suppression during the investigation period.

5.3.3 Consequent Impact of The Dumped Imports on The Industry

With reference to Article 3.1(b), Article 3.4 of the Anti-Dumping Agreement provides the following:

"The examination of the impact of the dumped imports on the domestic industry concerned shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments, or utilization of capacity; factors affecting domestic prices; the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital or investments. This list is not exhaustive, nor can one or several of these factors necessarily give decisive guidance."

5.3.3.1 Actual and potential decline in sales

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

Table 5.3.3.1

	1999	2000	2001	2001 Jan-Jul	2002 Jan-Jul
Volume (tonnes)	100	99	94	45	45

The table is indexed for confidentiality with 1999 as base year

There was a decrease in the volume of domestic sales from 1999 to 2001 and the Applicant links the decline in sales between 1999 and 2001 to the increase in the volume of imports during this period. Between the first six months of 2001 compared to the same period in 2002 the domestic sales remained stable.

BlueScope Steel argues that the Commission indicates in its Report that the Applicant suffered a decline of 11% in volume of sales. Furthermore the Commission fails, however, to deal with the allegations raised in the injury memorandum which pertain to the upgrade of the HH Robertson paint line and which is referred to below.

The Commission reconsidered HH Robertson's sales information together with that of the Applicant during the investigation period, and after reconsidering such information found that it did not detract the Commission from confirming its preliminary determination.

5.3.3.2 Profit

The following table shows the Applicant's total profit before interest and tax in rand value:

Table 5.3.3.2

	2000	2001	2002
Profit	100	98	94

The table is indexed for confidentiality with 2000 as base year

The Applicant's total profit declined by 6 index points in 2002 (annual profit) compared to 2000.

BlueScope Steel South Africa alleges that according to the Applicant's Annual Report the profit on pre-painted steel increased and is likely to increase further, given the cost savings that LNM Holding NV, one of the main shareholders in Iscor, is realizing for the Applicant. The Applicant's Annual Report stated that the operating profit on flat products improved by some 83% from 2001.

The factual situation according to the Applicant is that the 83% increase in operating profit pertains to flat steel products in general whereas the subject products amount to a mere 3% of the product distribution of flat steel products. The decrease in profits followed despite the vast improvements in efficiencies obtained during above noted period. The Applicant also noted that it was never inferred that the more frequent paint batch changes had been the result of the Applicant being unable to provide a similar colour range as the Importers.

The Applicant stated that frequent paint batch changes impact negatively on the product mixture and the batch sizes for production, thereby affecting the efficiency and ultimately the profitability of the production line.

5.3.3.3 Output

The following table outlines the Applicant's production volume of the subject product:

Table 5.3.3.3

	1999	2000	2001	2001 Jan-Jun	2002 Jan-Jun
Total volumes	100	105	112	54	52

The table is indexed for confidentiality with 1999 as base year

The SACU industry output decreased between 2001 and 2002.

BlueScope Steel argues that the Applicant's output decreased could not be directly attributed to imports of Colorbond.

The Commission has considered HH Roberson's production and sales information with regard to the injury indicator, market share and in causality in the final determination. HH Robertson's output declined in 2001 compared to year 2000 and in 2002 increased.

The Commission found that the total SACU output decreased during the investigation period.

5.3.3.4 Market share

The following table shows the market share for the subject product:

Table 5.3.3.4

Volume tonnes	1999	2000	2001	2001 Jan- June	2002 Jan- June
% share held by:					
- Applicant	100	96	86	86	82
<i>- dumped imports Colorbond</i>	100	1 300	12 100	12 000	14 600
<i>Imports from other countries</i>	100	111	94	85	64
<i>HH Roberson</i>	100	102	93	98	110

The table is indexed for confidentiality with 1999 as base year

The market share of the dumped imports as a percentage of total domestic sales increased from less than 0.1 index in 1999 to approximately 15% in 2002. In a growing total market the Applicant's market share decreased by 18 index points between 1999 and 2002.

BlueScope Steel states that the Commission concludes that the Applicant's market share declined by approximately 10% whilst the dumped imports increased from virtually 0% to more than 10%. It is this direct correlation, which forms the basis for the conclusion that the Applicant suffered injury with respect to a loss in market share.

The Commission considered information of all parties involved, in the market share determination, as well as the allegations regarding Zincalume. Despite HH Robertson gaining some market share in 2002, the Commission found that the imported product gained market share during the investigation period at the expense of the SACU industry.

5.3.3.5 Productivity

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

Table 5.3.3.5

Tonnes	1999	2000	2001	2002
Unit/employee	100	114	130	141

The table is indexed for confidentiality with 1999 as base year

The productivity as units per employee improved by 41 index points between 1999 and 2002. Retrenchments of the staff at the colour coated plant contributed to this increase.

BlueScope Steel argues that the Commission's Report No. 19 states that the Applicant's improved productivity of 41% over the period of investigation was attributable to retrenchments (37% of its workforce) and the increase in exports.

What is notable (and what the Applicant fails to mention) is that due to a major review of the Iscor business, retrenchments were made across the board and not only in respect of the paint line. It is thus misleading to reflect the entire company's retrenchments as an injury indicator of its paint line and Chromadek alone.

The Applicant acknowledges that it did retrench across the board. However, it pointed that Chromadek cannot be produced by operating the paint line in isolation. Feedstock is needed and it can only be produced through all the preceding processes from steel manufacturing to galvanizing.

Therefore the proportionate work force in the preceding processes before the substrate is painted can be seen as indirect labour. The reduction in overall labour including the paint line amounted to approximately 35%.

The Commission found that the Applicant's productivity had increased.

5.3.3.6 Return on investment

Return on investment is normally 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 owner's equity and return on total net assets for the Iscor Vanderbijlpark plant since it could not be broken down for the colour coated plant only:

Table 5.3.3.6

	1999	2000	2001	2002 Jan to Jun
Return on owners equity	100	8	155	115
Return on total net assets	100	45	140	185

The table is indexed for confidentiality with 1999 as base year

The Applicant's return on investment improved in 2001 and 2002 compared to the 1999 financial year.

BlueScope Steel states that the figures used in the determination are not reflective of the alleged injured subject product, Chromadek. The Commission concedes that *"the following table provides the Applicant's return on owner's equity and return on total net assets for the Iscor Vanderbijlpark plant since it could not be broken down for the colour coated plant only"*.

The Commission considered the injury memorandum submitted by BlueScope Steel. The Applicant is an integrated steel producer. It therefore follows that Chromadek being a value added product, can only be produced by the sequential operation with iron manufacturing through final production on the paint line. Any reduction in output as a result of dumping of the product will therefore adversely impact on the integrated operation and therefore on the Applicant's return on investment as a whole.

The Commission considered the information on return on investment and concluded that since this injury information was for the Vanderbijlpark plant as a whole, this injury indicator could not be evaluated in relation to the subject product.

5.3.3.7 Utilisation of production capacity

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

Table 5.3.3.7

Year	1999	2000	2001	2002 Jan-June
Utilisation %	100	104	112	104

The table is indexed for confidentiality with 1999 as base year

The Applicant's production capacity remained constant since 1999 while its actual production utilisation increased annually since 1999 to 2001 and in 2002 it declined. The reason for the increase in capacity utilisation was because of exports.

BlueScope Steel stated that the Commission did not consider the submission made by it on the injury memorandum where the Applicant claims that its rolling rate had decreased due to the more frequent paint batch changes.

The Applicant's rolling rate decreased by more than 5% between 1998 and 2002. This downward movement in the rolling rate/hour is indicative of the negative impact that imports had on the production efficiencies of the colour coating line. The Applicant alleged that this lower rolling rate/hour as a result of the imports can mainly be attributed to the fact that the imports of colour coated materials into the SACU region impacted negatively on the optimisation of production of the colour coated line in the sense that it resulted in more frequent paint changes, as well as, producing smaller batches according to the Applicant.

The Commission found that the domestic industry's capacity utilization decreased between 2001 and 2002.

5.3.3.8 Factors affecting domestic prices

The total market for the product under investigation increased during the investigation period, but the prices were suppressed due to low priced imports from Australia, which increased the importer's market share of the product.

5.3.3.9 The magnitude of the margin of dumping

The Commission found that the subject product was imported at dumped prices into the SACU during the dumping investigation period at a margin of 79%.

5.3.3.10 Actual and potential negative effects on cash flow

The cash flow is for all the Applicant's Vanderbijlpark products and not only colour coated steel products. The net internal cash flow declined from 1999 to 2001 and increased again in 2002.

BlueScope Steel states that the Applicant supplied its cash flow for all its Vanderbijlpark products and not only colour coated steel products. Accordingly this information should be disregarded by the Commission as irrelevant since it does not clearly pertain only to the dumped subject product, Colorbond and is therefore misleading and inadequate as colour coated products only account for 3% of the volumes. It alleged that the volume of colour coated steel produced by Iscor accounts for only 3% of its total production volumes. The decline in the Applicant's cash flow must therefore be attributable to reasons other than the dumped imports.

In the injury analysis the Commission took note of the cash flow information, and found that the paint line was a minor contributing factor to the cash flow.

5.3.3.11 Inventories

The product is made to order, but the inventories as shown in the table below are the product on the production line and stock not yet delivered at the end of the financial year.

The Applicant provided its inventory level since 1999. These figures are listed in the table below:

Table 5.3.3.11

	1999	2000	2001	Jun 2002
Inventory volume/tonne	100	202	138	49

The table is indexed for confidentiality with 1999 as base year

The inventory levels show a varying trend, which can be attributed to requested delivery dates, production fluctuations and levels of imports.

5.3.3.12 Employment

The following table shows the Applicant's employment level:

Table 5.3.3.12

	1999	2000	2001	2002
Wages/ employee	100	108	91	82

The table is indexed for confidentiality with 1999 as base year

The Applicant conceded that the decline in units of employment was attributable to a "re-engineering program that was directed at achieving cost reduction as well as best practice in all areas".

5.3.3.13 Wages

The following table provides the Applicant's movement in the average level of wages per employee per year:

Table 5.3.3.12

	1999	2000	2001	2002
Employees average wage level movement	100	99	83	75

The table is indexed for confidentiality with 1999 as base year

The information provided by the Applicant indicated that its wages per employee decreased by 25% from 1999 to 2002.

5.3.3.13 Growth

BlueScope Steel states that the Commission mentions in its Report No.19 that the growth in the SACU market was usurped by the dumped imports. No substantiation is furnished for this allegation. BlueScope Steel submits that the majority of sales competed with aluminium (Hulett's Aluminium) at the coast and therefore steel consumption in fact increased over the period of investigation. It indicated that, Iscor lost a significant number of sales to other SACU producers.

BlueScope Steel noted that it is not surprising that the Commission came to the conclusion that the subject product, Colorbond, was responsible for usurping growth in SACU market when the Commission based its view on the inflated import volumes which the Commission determined.

It is clear that domestic competition was responsible for any loss in market share by the Applicant if indeed it did suffer a loss.

The Commission considered the comments but found that in a growing market the other countries exporting the subject product to SACU and the Applicant lost market share. In 2001 the other SACU producer HH Robertson also lost market share. This was attributable to imports of the subject product originating in or imported from the Australia.

It is not disputed that the Applicant's product competes against aluminium, as well as all other roofing material, but the Commission found that the Applicant's product is not a "like" product to aluminium. The product manufactured by Hulett's Aluminium is manufactured from aluminium and the subject product is manufactured from steel, which is galvanised with zinc.

The Commission found that any growth in the SACU market was usurped by dumped imports. The increase in imports of the subject product had a negative effect on domestic sales growth.

5.3.3.15 Ability to raise capital or investments

The Applicant stated that capital expenditure on flat steel products is mainly financed through internally generated cash flow, which is currently under pressure due to the downstream effects of increased imports. The Applicant also stated that in the long term the negative financial impact resulting from increased imports will negatively effect Iscor Flat Steel products ability to raise capital or draw investments should they wish to expand their current production.

The Commission found this factor not to be indicative of material injury.

5.4 SUMMARY - MATERIAL INJURY

After considering all relevant factors, the Commission also found the SACU industry was suffering material injury inter alia in the form of:

- decline in profits
- price undercutting
- price suppression
- decline in domestic sales
- decline in market share
- the magnitude of dumping

The Commission therefore, made a final determination that the SACU industry was suffering material injury.

6. CAUSAL LINK

6.1 GENERAL

In order for the Commission to initiate an investigation, 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.

Article 3.5 of the Anti-Dumping Agreement provides the following:

"It must be demonstrated that the dumped imports are, through the effects of dumping, causing injury within the meaning of this Agreement. The demonstration of a causal relationship between the dumped imports and the injury to the domestic industry shall be based on an examination of all relevant evidence before the authorities."

6.2 VOLUME OF IMPORTS AND MARKET SHARE

An indication of causality is the extent of the increase in imports 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 allegedly dumped product.

In the preliminary determination the Commission ruled that a second product, Zincalume covered with a resin imported under tariff subheading 7210.70 was not a like product to the subject product. It was therefore excluded from injury analysis.

The market share table in paragraph 5.3.3.4 of this submission shows the market share for the subject product since 1999. The dumped imports have been gaining market share, whereas the SACU industry has been losing market share.

The information with regard to the volume of imports shows an increase in the volume of the dumped imports from 41 tons in 1999 to 5 785 tonnes for first six months of 2002. The volume of imports from other countries increased between 1999 and 2000 but decreased from 8 306 tons in 1999 to 2 516 tons for first six months of 2002.

The information with regard to market share shows that the dumped imports gained market share from less than 0.1 % in 1999 to approximately 14 % in 2002.

BlueScope Steel stated that the Commission indicated in its Report No.19 that the Applicant suffered a decline in volume of sales. BlueScope Steel argues the Commission did not however to deal with the allegations raised in the injury memorandum which pertain to the upgrade of the HH Robertson paint line and which is referred to below.

According to the BlueScope Steel both the increase in dumped imports and the decrease in market share, have been shown to be unreliable due to the flawed methodology used by the Commission in determining the import volumes of Colorbond. What is extremely significant is that based on the actual figures furnished by the BlueScope Steel, the import volumes did not consistently increase over the period of investigation and that the volumes decreased considerably between 2001 and 2002. BlueScope Steel argues that based on the above reasons it is submitted that the Commission did not have sufficient or adequate evidence on which to make a positive finding in respect of injury and causal link and no anti-dumping duty should be imposed.

The allegations in respect of the loss of sales by the Applicant to HH Robertson in the market have been considered by the Commission, and it was found that the imported subject product and not HH Robertson was responsible for the Applicants market share loss. HH Robertson and the Applicant have lost market share to the imported dumped product from Australia during 2001.

6.3 EFFECT OF DUMPED IMPORTS ON PRICES

The Commission found that the SACU industry experienced price suppression and price undercutting. The Applicant experienced price suppression since its 1999 financial year. The Commission decided in the final determination that these injury indicators could be causally linked to the dumping.

6.4 CONSEQUENT IMPACT OF DUMPED IMPORTS

The dumped imports from Australia grew from less than 0.1% in 1999 to approximately 14% of the SACU market in the first six months of 2002. The imports grew from 41 tons in 1999 to 5 785 tons for the first six months of 2002.

The Commission also found that the SACU industry's injury in respect of *inter alia* sales, profit margins, output, cash flow and lack of growth could be attributed to the dumped imports originating or imported from Australia.

6.5 FACTORS OTHER THAN THE DUMPING CAUSING INJURY

Article 3.5 of the Anti-Dumping Agreement provides the following:

"The authorities shall also examine any known factors other than the dumped imports which at the same time are injuring the domestic industry, and the injuries caused by these other factors must not be attributed to the dumped imports. Factors which may be relevant in this respect include, *inter alia*, the volume and prices of imports not sold at dumping prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry".

6.5.1 Volume of imports not sold at dumped prices

The following table shows the volume of imports from other countries:

Volume of imports	1999	2000	2001	2001 June- Dec	2002 Jan- June
Imports from other countries	7 268	8 306	7 425	4 260	2516

The table indicates the declining trend of imports not sold at dumped prices. The average price of the imported subject products from other countries was on average higher than that originating in or imported from Australia.

6.5.2 Competition between domestic producers

The Applicant did not submit any information on this issue. However, the Importer referred to HH Robertson, a second SACU producer of the subject product, which increased its production capacity during the investigation period for injury. HH Robertson was contacted and requested to provide information on its output and sales was provided.

The Commission considered this information, but found that it did not detract from the fact that the increase in the volume imports caused material injury to the SACU industry.

6.5.3 Developments in technology

The Applicant did not submit any information on this issue. The Importer stated in its response that the imported subject product has superior qualities because of the substrate used in production in that it is more corrosive resistant. The Applicant uses a zinc substrate, which it paints whereas the Exporter uses a zinc aluminium substrate.

The Commission, however, found the products to be like and that any developments in technology did not detract from the causal link between the dumping and the material injury to the SACU industry.

6.5.4 Contraction in demand or changes in the patterns of consumption

There had been a change in the consumption pattern as the demand shifted towards the thinner gauge material. This shift resulted in a situation where the consumption figure of the subject product increased on a square meter covered basis whilst the output tonnage decreased. The imported product is thinner when compared to the domestic produced product. The Importer stated that the imported subject product is preferred for use in the coastal areas where corrosiveness is a major factor, but the Commission found that the SACU product was also used in the coastal areas.

6.5.5 Export performance

Exports of the subject product by the Applicant increased slightly between 1999 and 2001.

6.5.7 Trade restrictive practices

No information was supplied on this issue.

6.5.8 Productivity of the domestic industry

The Applicant's Flat Steel Products achieved productivity improvement in nearly every area of operations. All compressible costs were reduced through focused efforts and retrenchments. The Applicant is rated on cost of production basis as one of the lowest cost steel producer in the world. Productivity as units per employee improved significantly. Retrenchments of the staff at the colour coated plant contributed to this increase.

BlueScope Steel stated that the Applicant's total down time hours have decreased and did not increase as the Applicant predicted, and that the Commission did not consider BlueScope Steel arguments in this regard.

The Commission, however, found the downward movement in the Applicant's rolling rate/hour was indicative of the negative impact that imports had on the production efficiencies of the colour coating line. This lower rolling rate/hour as a result of the imports can mainly be attributed to the fact that the imports of colour coated materials into the SACU region impacted negatively on the optimisation of production of the colour coated line in the sense that it resulted in more frequent paint changes, as well as producing smaller batches.

6.6 SUMMARY ON CAUSAL LINK

The dumped imported subject product led to a decline in the Applicant's domestic sales and profit. The Applicant has also experienced price suppression and price depression.

After considering all the factors the Commission decided, particularly having regard to imports, price undercutting, price suppression and profits that there was a causal link between material injury experienced by the SACU industry and dumped imports. The Commission also found inter alia the following indicators which were found indicative of material injury, to be causally linked to the dumping:

- decline in profits;
- price undercutting;
- price suppression;
- decline in domestic sales;
- decline in market share;
- the magnitude of dumping

The Commission considered known factors, other than dumped imports, causing injury, but found these did not detract from the causal link.

7. FINAL ANTI DUMPING DUTIES

7.1 General

Article 9.1 of the Anti-Dumping Agreement provide as follows:

The decision whether or not to impose an anti-dumping or a countervailing duty in cases where all requirements for the imposition have been fulfilled, and the decision whether the amount of the anti-dumping and/or countervailing duty to be imposed shall be the full margin of dumping or the full amount of the subsidy, or less, are decisions to be made by the authorities of the importing member. It is desirable that the imposition be permissive in the territory of all Members, and that the duty and/or the amount of the subsidy shall be less than the margin and/or the total amount of the subsidy if such lesser duty would be adequate to remove the injury to the domestic industry.

7.2 Calculation of duty

In accordance with Article 9.1 of the Anti-Dumping Agreement the final duty should be less than the dumping margin if such lesser duty would be adequate to remove the injury to the domestic industry. The final duty 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 dumped margins and that were found by the Commission.

7.3 Price disadvantage

The price disadvantage is the extent to which the price of the imported product (landed cost) is lower than the unsuppressed and un-depressed ex-factory selling price of the SACU product.

It is the Commission's policy that the price disadvantage can only be applied if the exporter of the product and its importer responded. Both the Importer and Exporter responded. However, the Exporter provided deficient information in its response and this information was therefore not verified. The Commission decided that since the information provided by the Exporter was not complete it could not apply the lesser duty rule.

8 DETERMINATION

The Commission made a final determination that:

- the subject product originating in or imported from Australia was imported at dumped prices;
- the SACU industry is experiencing material injury; and
- there is a causal link between dumping of the subject products and the material injury.

The Commission, therefore, decided to recommend to the Minister of Trade and Industry that definitive anti-dumping duties of 79% be imposed on the subject products originating in or imported from Australia, classifiable under tariff subheadings 7210.70 (Excluding Zinalume not colour coated, but covered with a resin) and 7212.40, and that these anti-dumping duties be imposed retroactive to the date of the provisional payments, that is 10 October 2003.