

Report No. 489

**INVESTIGATION INTO THE ALLEGED DUMPING OF
WHEELBARROWS ORIGINATING IN OR IMPORTED FROM THE
PEOPLE'S REPUBLIC OF CHINA (CHINA): PRELIMINARY
DETERMINATION**

The International Trade Administration Commission of South Africa herewith presents
its **Report No. 489: INVESTIGATION INTO THE ALLEGED DUMPING OF
WHEELBARROWS ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S
REPUBLIC OF CHINA (CHINA): PRELIMINARY DETERMINATION**



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28/01/2015

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

INVESTIGATION INTO THE ALLEGED DUMPING OF WHEELBARROWS ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA (CHINA): PRELIMINARY DETERMINATION

SYNOPSIS

On 20 June 2014, the Commission initiated the investigation into the alleged dumping of wheelbarrows originating in or imported from China. Notice of initiation of the investigation was published in Notice No.449 of *Government Gazette* No. 37740 dated 20 June 2014.

The application was lodged by Usher Inventions, trading as Lasher Tools, being the major producer of the subject product in the SACU, representing 96% of the SACU production.

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

On initiation of the investigation, the known manufacturers/exporters and the diplomatic representative of the subject product in the People's Republic of China (China) were sent foreign manufacturers/exporters questionnaires to complete. Importers of the subject product were also sent questionnaires to complete.

After considering all interested parties' comments, the Commission made a preliminary determination that the subject product, originating in or imported from China, was being dumped on the SACU market, causing material injury to the SACU industry.

As the Commission considered that the SACU industry will continue to suffer material injury during the course of the investigation if provisional payments are not imposed, it decided to request the Commissioner for South African Revenue Service (SARS) to impose the following provisional measures on imports of the subject product for a period of 24 weeks:

Tariff sub-heading	Country/manufacturer	Amount of provisional payment
8716.80.10	China: Manufactured by Qingdao Youhe	32.32%
	China: Manufactured by Qingdao Wantai	29.82%
	China (Excluding those manufactured by Qingdao Yongyi; Qingdao Youhe and Qingdao Wantai)	29.82%

Comments submitted by interested parties on the preliminary determination within the specified time periods, will be considered by the Commission prior to making its final determination and recommendation to the Minister of Trade and Industry.

APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

This investigation is conducted in accordance with the International Trade Administration Act, 2002, and the International Trade Administration Commission of South Africa Anti-Dumping Regulations (ADR), having due regard to the World Trade Organisation 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 Usher Inventions, trading as Lasher Tools, being the major producer of the subject product in the SACU, representing 96% of the SACU production.

1.3 DATE OF ACCEPTANCE OF APPLICATION

The application was accepted by the Commission as being properly documented in accordance with Section 21 of the ADR on 10 June 2014.

Comments by Exploit Tools (Pty) Ltd

Exploit Tools stated that “the Application for remedial action against the alleged dumping of wheelbarrows manufactured/produced in China launched by Lasher Tools does not comply with the rules relating to confidential information and the deficiency affects our client’s ability to make meaningful representations”.

Response by the Applicant to Exploit Tools’ comments

In response to the above, the Applicant submitted that it wished to point out that it had supplied proper motivations why information is classified as confidential and where and why it could not be summarized or indexed.

Commission's consideration

In response to the above, the Commission stated that Section 35(2) (a) of the ITA Act prescribes that ITAC mediate between the party seeking the confidential information and the owner of the information. In line with this requirement, ITAC forwarded the request to the Applicant and the Applicant stated that its confidential information should not be released to any third party.

1.4 ALLEGATIONS BY THE APPLICANT

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

The Applicant further alleged that the dumping of the subject product from China was causing the SACU industry material injury in the form of:

- (a) Price suppression;
- (b) Declining selling prices;
- (c) Declining gross profit;
- (d) Declining market share;
- (e) Capacity utilization; and
- (f) Decline in growth.

1.5 INVESTIGATION PROCESS

The Commission initiated the investigation into the alleged dumping of wheelbarrows originating in or imported from China, pursuant to Notice No.449, which was published in the *Government Gazette* No. 37740 on 20 June 2014.

Prior to initiation of the investigation, the trade representative of the country concerned was notified of the Commission's intention to investigate in terms of Section 27.1 of the ADR. All known interested parties were informed and requested to respond to the questionnaires and the non-confidential version of

the application.

A revised application was received on 14 March 2014 subsequent to deficiency letters sent to the Applicant. The information submitted by the Applicant was verified on 31 March 2014.

1.6 INVESTIGATION PERIOD

The investigation period for dumping is from 01 February 2013 to 31 January 2014. The investigation period for injury involves evaluation of data for the period 01 July 2010 to 31 January 2014.

1.7 PARTIES CONCERNED

1.7.1 SACU industry

The SACU industry consists of one major manufacturer of the subject product, Usher Inventions, trading as Lasher Tools, and supported by Pabar (Pty), the only other manufacturer of the subject product in the SACU.

1.7.2 Foreign Manufacturers/Exporters

The following manufacturers/exporters responded in full to the Commission's exporter questionnaire:

- Qingdao Yonyi Metal Products Co. Ltd
- Qingdao Youhe Hand Truck Co. Ltd
- Qingdao Wantai Special Hand Truck Co. Ltd

The response date to the Commission's exporter questionnaire was 30 July 2014 with the exception of Sam's International, whose reasons were not considered as good cause since it is an agent of wheelbarrows into South Africa from China and not a manufacturer of the subject product.

Request for extension to submit a response to the Commission's exporter questionnaire was received from Qingdao Wantai on 21 July 2014 and extension was granted until 14 August 2014. Qingdao Wantai's response was submitted on 8 August 2014. On 13 August 2014 a deficiency letter was sent

to the exporter with a deadline of 20 August 2014. The response to the deficiency letter, which was found to be properly addressed, was received by the Commission on 25 August 2014. Since its response to the deficiency letter was received after the deadline, the Commission decided not to take the information into account for its preliminary determination. However, since Qingdao Wantai's response was properly documented and received prior to the investigating team's verification at Qingdao Youhe and Qingdao Yongyi in China, it was decided that the response submitted also be verified with other exporters in order to enable the Commission to take this information into account for its final determination. Verification of Qingdao Wantai was conducted during the period 27 to 29 October 2014. A verification report was sent out on 4 November 2014 and a response to the report was received on 5 November 2014.

Comments by the Applicant

The Applicant indicated that it wishes to highlight that the *Government Gazette* of 20 June 2014, initiating the investigation states that "Late submissions will not be accepted except with prior written consent of the Commission." In its response it requested the Commission not to act in breach of its obligations and disregard QWS response completely as it did not respond within the required time period.

On 28 July 2014, Qingdao Youhe and Qingdao Yongyi submitted requests for extension to submit responses to the Commission's exporter questionnaire and extensions were granted until 14 August 2014. Further extensions were requested and the deadline to submit full and complete responses was 21 August 2014. Responses were received on 21 August 2014 and deficiency letters were sent out on 28 August 2014. Full and complete responses were submitted on 4 September 2014. Verification of the information submitted was conducted during the period 20 to 24 October 2014. Verification reports were sent out on 5 November 2014 and responses to the reports were received on 11 November 2014.

1.7.3 Importers

The following SACU importers responded to the Commission's questionnaires:

- (a) Ezamvelo Trading CC;
- (b) K Carrim Wholesalers;
- (c) Marburg Hypersparses; and
- (d) Spar Group Limited.

The following importer response was deficient:

- (a) Ikhaya Tools.

On 30 July 2014, a response to the Commission's importer's questionnaire was received from Ikhaya Tools. A deficiency letter was sent to Ikhaya Tools and a response which was further found to be deficient was received on 18 August 2014. The Commission therefore decided not to take its information into account for the purposes of the preliminary determination.

The following is a summary of deficiencies in Ikhaya Tools' response:

- Not all copies of supporting documentation relating to shipments that entered the SACU market during the period of investigation were provided.
- Domestic sales information of the imported product was not provided.
- Some annexures to the confidential and the non-confidential applications were not attached in the electronic version.
- Confidentiality was not claimed and the sworn affidavit was also not attached.

On 4 and 14 August 2014, Spar Group Limited, Marburg Hypersparses, K Carrim Wholesalers and Ezamvelo Trading CC submitted full and complete

responses to the Commission's importer's questionnaire. Their information was verified on 2, 3 and 9 September respectively. Verification reports were forwarded on 9 September 2014.

A response to the importer's questionnaire was also received from Exploit Tools. However, as it only started importing during March 2014, the Commission informed it that it is not an interested party in this investigation.

Comments by Exploit Tools

In response to the Commission's letter dated 5 August 2014, Exploit Tools submitted that the Commission's decision not to recognise Exploit Tools as an interested party has serious consequences and inter alia deprives it access to the remedy provided for in Regulation 64 of the Anti-Dumping Regulations (ADR). It requested the Commission to provide reasons for dealing with this issue.

Response by the Applicant to Exploit Tools' comments

The Applicant stated that: "Exploit Tools is not an interested party as it did not import during the period of investigation from a Chinese manufacturer or trader in China. In this regard it does not believe that by accepting Exploit Tools as an interested party there would be any value added to the investigation as Exploit cannot supply any meaningful response with regard to dumping that took place from a specific Chinese manufacturer or trader".

Commission's consideration

In response to Exploit Tool's comments, the Commission stated that the period of investigation for determining dumping is 1 February 2013 to 31 January 2014. In its response to the Commission's questionnaire, no information with regards to imports during the period of investigation was provided. The information submitted shows that Exploit Tools only commenced importing the subject product in the SACU market on 28 March 2014, which is outside the investigation period.

In response to Exploit Tool's information submitted with regards to the Commission's importer questionnaire, the Commission submitted in its letters dated 30 July 2014 and 5 August 2014, that it understands that the inability to provide such pertinent information stems from the fact that it was not the importer of the subject product during the period of investigation. It was also stated that by accepting Exploit Tools as an interested party there would not be any value added to the investigation as Exploit cannot supply any meaningful response with regard to dumping that took place from a specific Chinese manufacturer. Information submitted by Exploit Tools was also relayed to the Applicant for comments.

- 1.8** The Commission took all interested parties' comments into account. Copies of the non-confidential versions are available on the public file. It should be noted that this report does not purport to present all comments received and considered by the Commission. However, some of the salient comments received from interested parties and the Commission's consideration of these comments are specifically included in this report.

1.9 PRELIMINARY DETERMINATION

The Commission made a preliminary determination that the subject product originating in or imported from China is being dumped on the SACU market, causing material injury to the SACU industry. Comments submitted by interested parties on the preliminary determination within the specified time periods, will be considered by the Commission prior to making its final determination and recommendation to the Minister of Trade and Industry.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCT

2.1.1 Description

The imported product is described as “wheelbarrows”, classifiable under tariff subheading 8716.80.10.

2.1.2 Tariff classification

The subject product is currently classifiable as follows:

Table 2.1.4: Tariff classification

Head	Sub Head	CD	Article Description	Stat Unit	Gen	EU	EFTA	SADC
8716			Trailers and semi-trailers; other vehicles, not mechanically propelled; parts thereof					
	8716.80		Other vehicles					
	8716.80.10		Wheelbarrows	unit	15%	Free	1.9%	Free

2.1.3 Possible tariff loopholes

The Applicant stated that it suspects that the product might in some instances be under-invoiced, imported in knock-down form and assembled in SACU. It also stated that it experiences problems with counterfeit goods that are imported and distributed. It further stated that some Chinese products are exported via Hong Kong, declaring it as country of origin.

2.1.4 Negligibility test

The volume of dumped imports into SACU shall be considered negligible if it accounts for less than 3% of total imports of the subject product during the

period of investigation for dumping. The following table shows the alleged dumped imports as a percentage of the total imports:

Table 2.1.4 : Import volumes as % of alleged dumped imports	Import volumes (Feb 2013 – Jan 2014)	Volume as a % of total imports
China	558 352	99%
Total imports	560 297	100%

The import statistics indicated that the volume of dumped imports from China account for 99 per cent of the total imports of the like product during the period of investigation for dumping.

The Commission made a preliminary determination that the imports from China are above the negligibility level.

2.1.5 Country of export

The subject product originates in and is exported from China.

2.1.6 Application/end-use

The imported product is used in the mining industry, building industry, agricultural industry and by households.

2.1.7 Production process

The production process involves the following:

Pan manufacturing: Consisting of blanking, drawing, clipping, folding of lip, making of bead wire, closing of lip, embossing of pan and painting of pan.

Frame manufacturing: Consisting of tube bending, bending of nose, hole punching, final forming, welding, paint and punching.

Wheel manufacturing: Consisting of forming of discs, painting and tyre fitment.

Making of parts such as front stays cross stays, front bottom brace, back bottom brace and skid pads.

Assembly by bolting all parts together, labelling and packing.

2.2 SACU PRODUCT

2.2.1 Description

The SACU product is described as wheelbarrows.

Comments by Spar Group

Spar Group stated that the reason it imports the subject product is based mainly on the fact that the imported wheelbarrows have greater quality in terms of durability than the locally manufactured wheelbarrows. The bin is thicker while the frame is bigger and the wheel withstands heavy loads. The wheelbarrows therefore do not quickly get damaged, making them attractive for the construction and mining industries.

It also stated that the SACU produced product alone simply does not cater for each and every expectation and needs of different customers.

For Build-it and its customers (Build-it independent retailers), the imported wheelbarrows meet expectations and required quality requirements of the Build it brand. In fact, there are no wheelbarrows produced to the Spar Group's specifications in the domestic market).

Spar further stated that there are too few local manufacturers of the subject product. There is one dominant manufacturer, Lasher, which sells its own branded wheelbarrows. This poses a challenge particularly because the Spar Group requires wheelbarrows branded with the Build-it brand. Currently, only PVC wheelbarrows are branded while steel wheelbarrows are not. These will also be branded in the near future.

The Build-it brand and the Lasher brand of wheelbarrows compete in the same final markets. It is not ideal to source from Lasher as it will significantly constrain pricing decisions and will result in loss of any competitiveness. Importing a wheelbarrow of high quality with a Build-it brand allows the company to have a unique competitive advantage in meeting its customer needs.

The company goes to great lengths to continuously improve and protect the brand associated with its wheelbarrows. To this end, the Spar Group cooperates with the manufacturers producing its subject products to ensure its quality expectations are met.

Response by the Applicant to Spar Group's comments

The Applicant stated that with regards to the above, Build-it requires wheelbarrows branded with the Build-it brand. It is common fact that the only issue in buying branded wheelbarrows from China is lower prices and it therefore adds to the Chinese imports, (volume-dumped) which indicates price undercutting and therefore results in material injury to the local manufacturer.

2.2.2 Application/end-use

The SACU product is used in the mining industry, building industry, agricultural industry and by households.

2.2.3 Tariff classification

The SACU product is classified under tariff subheading 8716.80.10.

2.2.4 Production process

The production process involves the following:

Pan manufacturing: Consisting of blanking, drawing, clipping, folding of lip,

making of bead wire, closing of lip embossing of pan and painting of pan.

Frame manufacturing: Consisting of tube bending, bending of nose, hole punching, final forming, welding, paint and punching.

Wheel manufacturing: Consisting of forming of discs, painting and tyre fitment.

Making of parts such as front stays cross stays, front bottom brace, back bottom brace and skid pads.

Assembly by bolting all parts together, labelling and packing.

2.3 LIKE PRODUCTS ANALYSIS

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 China.

2.3.2 Analysis

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

Table 2.3.2: Like product determination

	Imported product	SACU product
Raw materials	Steel frame, steel pan and rubber wheels.	Steel frame, steel pan and rubber wheels.
Physical appearance	The Applicant does not have detailed technical characteristics of the foreign produced product. It stated that it is expected to be similar to that of the locally produced product. The Applicant has provided brochures in this regard.	The Applicant has provided brochures in this regard.
Tariff classification	8716.80.10	8716.80.10
Production process	<p>Pan manufacturing: Consisting of blanking, drawing, clipping, folding of lip, making of bead wire, closing of lip embossing of pan and painting of pan.</p> <p>Frame manufacturing: Consisting of tube bending, bending of nose, hole punching, final forming, welding, paint and punching.</p> <p>Wheel manufacturing: Consisting of forming of discs, painting and tyre fitment.</p> <p>Making of parts such as front stays cross stays, front bottom brace, back bottom brace and skid pads.</p> <p>Assembly: Bolting all parts together, labelling and packing.</p>	<p>Pan manufacturing: Consisting of blanking, drawing, clipping, folding of lip, making of bead wire, closing of lip embossing of pan and painting of pan.</p> <p>Frame manufacturing: Consisting of tube bending, bending of nose, hole punching, final forming, welding, paint and punching.</p> <p>Wheel manufacturing: Consisting of forming of discs, painting and tyre fitment.</p> <p>Making of parts such as front stays cross stays, front bottom brace, back bottom brace and skid pads.</p> <p>Assembly: Bolting all parts together, labelling and packing.</p>
Application or end use	The subject product is used in mining industry, building industry, agricultural industry and by households.	The subject product is used in mining industry, building industry, agricultural industry and by households.

The Commission noted that in addition to imports of steel wheelbarrows, pvc wheelbarrows were also imported from one of the exporters (Qingdao Taifa

Group Import & Export Co. Ltd) who did not cooperate in the investigation. The matter was raised with the Applicant who confirmed that both pvc and steel wheelbarrows are like products for purposes of comparison.

Comments by Qingdao Yongyi

Qingdao Yongyi stated that it does not sell any products in the domestic market. Its market is alleged to be primarily wheelbarrows that have a load capacity of 100kg, 130kg, 160kg and 170kg. The wheelbarrows have a tray, which is attached to a metal frame and one wheel. The wheelbarrows have been designed to be loaded and pushed by a person over short distance. The wheelbarrow's advantage is that loads can be lifted and carried close to the ground.

It also pointed out that as there are no wheelbarrows sold in their domestic market a comparison between the product exported to SACU and the product sold on domestic market cannot be made. It alleged that the wheelbarrows sold to other countries outside of SACU and the ones sold to SACU are identical when the same models are compared.

Comments by the Applicant to Qingdao Yongyi response

In response to Qingdao Yongyi's comments, the Applicant stated that in terms of Section 32 (2) (b) (i) and (ii) of International Trade Administration Act (Act No. 712002) ("**ITA Act**"),

(b) "normal value" in respect of any goods, means-

i) the comparable price paid or payable in the ordinary course of trade for the 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 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;"

It stated also that it is thus clear from the ITA Act that in the absence of domestic sales of a comparable product, the Commission can use the cost of production or the "highest comparable price" of exports to a third country to be compared with the exports to SACU.

In relation to Qingdao Yongyi's comment that "the wheelbarrows sold to other countries outside of SACU and the ones sold to SACU are identical when the same models are compared", the Applicant stated that the Commission needs to establish if the exports to the other countries covers the cost of production plus a "reasonable addition for selling, general and administrative costs and profit" as the exporter might be dumping the subject product also in other countries.

The Applicant indicated that notwithstanding the above, the products are still interchangeable and can substitute one another. It therefore submits that the domestic selling price in China can be used for normal value determination with substantiated adjustments if claimed by the exporter.

Comments by Qingdao Youhe

Qingdao Youhe stated that the product that the company sold in the domestic market during the POI consists of five different model steel wheelbarrows, being (WB6400-C) (WB6400-B) (WB6414D) (WB6414C) (WB9400).

It also stated these models differ to the products exported to the Southern African Customs Union ("**SACU**") market in terms of:

- Size - the Chinese market generally requires bigger wheelbarrows while those of the SACU market are smaller;
- Load or carry capacity. The SACU wheelbarrow has a capacity of 100kg while most of the domestic Chinese products have a load capacity in excess of 100kg;
- The differences in size and load capacity means raw material thicknesses differ, for example steel;
- Colours for the frame, bin and rim differ; and
- The SACU model has one wheel. Some but not all models sold domestically have two wheels. Moreover, the wheel sizes are different.

Qingdao Youhe further stated that the product exported to SACU via an agent, Sam's International, is a steel wheelbarrow. The models sold for export to the SACU market are WB3800, WB3800-P, WB3800-Q, WB3800-T. The WB3800 is the most common while the other models are simply minor variations of WB3800 model and sold in significant quantities.

Comments by the Applicant to Qingdao Youhe's response

The Applicant stated that it is clear from the response of Qingdao Youhe that they wish to argue that the products sold on the domestic market are not like products to the exported product to SACU as it alleged that the domestic sales of the like products are less than 5% of the export sales. It stated that it wishes to point out that notwithstanding the models, the products are still interchangeable and can substitute one another.

After considering all the above factors, the Commission made a preliminary determination that the SACU products and the imported products are "like products", for purposes of comparison in this investigation, in terms of the ADR.

3. INDUSTRY STANDING

The Applicant's output represents 96 per cent of the total SACU production.

The Commission made a preliminary determination that the application can be regarded as being made "by or on behalf of the domestic industry".

4. DUMPING

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 f.o.b. 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.

4.1 METHODOLOGY IN THIS INVESTIGATION FOR QINGDAO YONYI METAL PRODUCTS CO.

Sales in the ordinary course of trade

The following information was submitted by Qingdao Yongyi in its response to the Commission's questionnaire:

a. Shareholding and Board of Directors

The company is owned by Cui Huajun and Jerry Lee who serve as the Chairman of the Board and the Finance Director respectively. Cui Huajun has 60% stake while Jerry Lee owns the remaining 40%.

b. Raw materials and other cost components for production

Qingdao Yongyi sources its raw materials from various suppliers in China and all raw material and components are procured through free market negotiations.

c. Labour

Labour is mainly informal without contracts and no unions. The shareholders are responsible for employing the workers.

d. Production facilities, production and investment

Qingdao Yongyi is in the process of building a new and bigger factory. The capacity increase will be dependent on the orders from customers, as they only produce in accordance to the customer orders.

e. Sales

All sales for domestic and for export markets, are made through trading companies.

f. Financial statements

Qingdao Yongyi submitted financial statements for the years 2011 to 2014.

g. Accounting principles and practice

The financial statements are prepared in accordance with the Chinese Accounting Standards for Business Enterprises.

h. Foreign currency transactions

Export sales are invoiced in US Dollars and are converted to Chinese RMB at an applicable average rate of exchange.

Based on the information submitted to the Commission, for purposes of its preliminary determination considered sales by Qingdao Yongyi to be in the ordinary course of trade.

4.1.1 Calculation of normal value

Qingdao Yongyi did not have sales of the like product on the Chinese market during the period of investigation. The normal value for Qingdao Yongyi was based on sales of wheelbarrows to other markets, but only those that were sold to Sri Lanka were comparable to those exported to SACU market during

the period of investigation.

Adjustment to the normal value

The following adjustment to the normal value was claimed by Qingdao Yongyi and was allowed by the Commission:

Inland freight

An adjustment was made for inland freight in order to bring the f.o.b. price to the ex-factory level.

4.1.2 Export price

Export price is defined in section 32(2)(a) of the ITA Act as the price actually paid or payable for goods sold for export, net of all taxes, discounts and rebates actually granted and directly related to the sale under consideration.

To enable a proper comparison with the normal value, the export price should be at the ex-factory level and at the same level of trade.

The Commission for purposes of its preliminary determination used the actual export sales to SACU by Qingdao Yongyi during the period of investigation to calculate the export price.

Adjustment to the export price

The Commission made the following adjustments to the export price for purposes of calculating the ex-factory export price:

Inland Freight

An adjustment was made for inland freight in order to bring the f.o.b. price to the ex-factory level.

4.1.3 Dumping margin

The dumping margin for Qingdao Yongyi was calculated to be minus 2.57%.

4.2 METHODOLOGY IN THIS INVESTIGATION FOR QINGDAO YOUHE METAL PRODUCTS CO. LTD

Sales in the ordinary course of trade

The following information was submitted by Qingdao Youhe in its response to the Commission's questionnaire:

a. Shareholding and Board of Directors

Qingdao Youhe is owned and managed by Mr Zhang Jun (60%) and Mrs Wang Jingling (40%). The above-mentioned persons are the shareholders and directors. They are responsible for all activities related to the business.

b. Raw materials and other cost components for production

All raw materials are sourced locally and are purchased from different suppliers at competitive prices.

c. Labour

Labour is mainly informal without contracts and no unions. The shareholders are responsible for employing the workers.

d. Production facilities, production and investment

Qingdao Youhe is in the process of building a new manufacturing factory which will be bigger than the current one.

e. Sales

All sales for domestic and for export markets are made through trading companies.

f. Financial statements

Qingdao Youhe submitted financial statements for the years 2011 to 2014.

g. Accounting principles and practice

The financial statements are prepared in accordance with the Chinese Accounting Standards for Business Enterprises.

h. Foreign currency transactions

Export sales are invoiced in US Dollars and are converted to Chinese RMB at an applicable average rate of exchange.

Based on the information submitted the Commission, for purposes of its preliminary determination considered sales by Qingdao Youhe to be in the ordinary course of trade.

4.2.1 Calculation of normal value

Qingdao Youhe did not have sales of the same model as the product exported to the SACU market on the Chinese market during the period of investigation. They did however have domestic sales of other models. The Commission noted from the adjustments claimed to the export price to third countries that an adjustment for the differences in the physical characteristics between the domestic sales and exports to SACU is needed. Sales of the domestic product on the Chinese market were used to calculate the normal value for Qingdao Youhe.

4.2.2 Export price

The Commission for purposes of its preliminary determination used the actual export sales to SACU by Qingdao Youhe to calculate the export price.

Adjustments to the export price

The following adjustments to the export price were claimed by the Qingdao Youhe:

Inland freight

An adjustment was made for inland freight in order to bring the f.o.b. price to the ex-factory level.

Cost of payment terms

An adjustment for cost of payment terms was claimed by Qingdao Youhe.

The Commission decided to allow the adjustment as it was demonstrated to have affected the price comparability at the time of setting of prices.

Physical differences

An adjustment for physical differences was claimed by Qingdao Youhe.

The Commission decided not to allow the adjustment as the exporter has not provided information on the differences between the models exported to SACU and those sold on the domestic market.

4.2.3 Dumping margin

The dumping margin for Qingdao Youhe was calculated to be 32.32%.

4.3 METHODOLOGY IN THIS INVESTIGATION FOR ALL OTHER MANUFACTURERS/EXPORTERS FROM CHINA PRODUCING WHEELBARROWS (RESIDUAL DUMPING MARGIN)

4.3.1 Normal Value

Sales of the domestic product by Qingdao Youhe on the Chinese market were used to calculate the normal value for all other manufacturers/exporters from China.

4.3.2 Export price

The Commission noted that the export price from the SARS import statistics for the subject product under investigation includes both pvc and steel wheelbarrows and can therefore not be considered to be the best information available to determine the export price.

The Commission therefore, made a preliminary determination to use export sales to SACU by both Qingdao Yongyi and Qingdao Youhe's in calculating the export price for residual dumping margin.

Adjustment to the export price

The following adjustment to the export price was made by the Commission:

Inland freight

An adjustment was made for inland freight in order to bring the f.o.b price to ex-factory level.

4.3.3 Dumping margin

The margin of dumping for all non-cooperating exporters (excluding Qingdao Yongyi, Qingdao Youhe and Qingdao Wantai) was calculated to be 29.82 per cent when expressed as a percentage of the ex-factory price.

Comments by Marburg Hypersparses

Marburg Hypersparses submitted that the main reason why it is importing the subject product into the SACU market is that the imported price is lower than the SACU price. The demand in the market for SACU customers is for a cheaper product. It stated further that the local manufacturer is not able to deliver on this need because of higher input costs of materials and wages compared to the overseas manufacturers.

Comments by the Applicant to Marburg Hypersparses' response

In response to Marburg Hypersparses' comments, the Applicant stated that it is very important to note that the importer conceded that the reason for importing from China is based on price, as the imported price compared to the locally manufactured product is substantially lower. It also stated that the allegation by Marburg that the demand in the market is for a cheap product which the local manufacturer is not able to deliver because of higher input costs does not make sense. It further indicated that the demand is for a wheelbarrow and the dumped imports have created an artificial demand for the low priced, read dumped product that did not exist previously causing the SACU industry to suffer material injury.

Comments by Trio (Pty) Ltd

Trio stated that it has been importing wheelbarrows for a couple of years due to the local South African market demanding a cheaper wheelbarrow which Lasher could not and still cannot provide and also have not made any attempt to do so. It also pointed out that the majority of buyers cannot afford to pay the prices of the Lasher wheelbarrows as they are of a higher quality. Trio also stated that it

also buys Lasher's wheelbarrows so that they can provide for all sections of the market.

Trio further stated that it has never been offered any special prices from the Chinese wheelbarrow suppliers and they only manufacture to order and do not keep excess stock that they can keep immediately. It normally takes plus minus 90 days to receive orders.

Comments by the Applicant to Trios' response

In response to Trios' allegations, the Applicant stated that it is not objecting to fair competition in the South African Customs Union (SACU) market based on price and quality. However, unfair traded product is entering the SACU market causing the SACU industry to suffer material injury. This is based on the fact that the imported product is normally landed, including Trio's product, close or below the raw material cost of Lasher Tools.

It also pointed out that that these products are then offered to local shop outlets as well as the Construction industry with high mark-ups but which also undercuts the SACU industry's selling prices.

The Applicant further indicated that it should be noted that it is manufacturing the product according to SABS standards. Thus the imported products allegedly at lower quality are not compliant with these standards but are still a like product. It mentioned also that it believes that the quality allegation is a red herring as Trion stated that the imported product is of a "good quality" thus it will compete directly with Lasher Tools products

Comments by Jeplin Industries

In response to the reasons why Jeplin Industries is importing the subject product, it offered the following:

- Steel in South Africa made by Arcelor Mittal is not competitively priced so Lasher has the disadvantage already with the domestic material.
- The cheaper wheelbarrow is not only used in the building industry but is also used by the poorer communities in South Africa that do not have water and have to cart water in drums from far remote areas to their dwellings.

Comments by Spar Group

Spar Group stated that the domestic market is already well protected with a 15% general duty. The requested anti-dumping duty of 505.33% will completely close down the market to imports from China, and will have a serious adverse impact on the Buildit financial performance, especially considering that wheelbarrows are the second largest contributor to its sales revenue.

Comments by Exploit Tools

In response to the methodology used for calculating the dumping information by the Applicant, Exploit Tools stated that to consider an application of dumping duties it must always be aimed at establishing if dumping as defined in the ITA Act actually occurred. It further indicated that it is apposite to refer to the definition of dumping being: 'the introduction of goods into the commerce of the Republic or common customs area at an export price contemplated in section 32(2)(a) that is less than the normal value, as defined in section 32(2) of those goods. It pointed out that failure to establish "normal value" in accordance with the provisions of ITA Act consequently results in a failure to establish dumping.

Commission's consideration

In response to the above, the Commission stated that an anti-dumping investigation is based on historical data and information, covering a past period known as the period of investigation (POI). Consequently, the Commission requests data and information via its questionnaires from parties

that produced or imported the subject product – wheelbarrows from the PRC – during that period.

In response to the above allegation, Exploit Tools was referred to Article 3 of Part 5 of Schedule No. 10 to the Customs and Excise Act, 1964, as well as the Record of Understanding (RoU) between the International Trade Administration Commission of South Africa (ITAC) and the Bureau of Fair Trade for Imports & Exports (BOFT) of the Ministry of Commerce of the People's Republic of China (PRC) for more clarity.

Comments by Jeplin Industries

Jeplin Industries stated that with the imported wheelbarrow it already has to pay 20% duty, 10-12% agent commission, inland transport to port and high shipping costs. This already accounts for 45-50% additional costs on imported wheelbarrows.

4.4 CONCLUSION - DUMPING

For purposes of its preliminary determination, the Commission considered all the comments from interested parties and found that the subject product originating in China was being dumped into the SACU market with the following margins:

Producer/manufacturer	Rate of duty
Qingdao Youhe	32.32%
Qingdao Wantai	29.82%
All exporters (excluding Qingdao Yongyi; Qingdao Youhe; Qingdao Wantai)	29.82%

5. MATERIAL INJURY

5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The following injury analysis relates to Lasher Tools that constitutes 96 per cent of the total domestic production of the subject product. The Commission decided that this constitutes “a major proportion” of the total domestic production, in accordance with Article 4.1 of the Anti-Dumping Agreement.

This submission includes information for the period 1 July 2010 to 30 June 2013 (financial years) and 1 July 2013 to 31 January 2014 (7 months figures). The detailed trend analysis for 7 months figures is discussed in the injury section of the submission.

5.2 IMPORT VOLUMES AND EFFECT ON PRICES

5.2.1 Import volumes

The following tables show the volume of the allegedly dumped imports under tariff sub-heading 8716.80.10 as obtained from SARS:

Table 5.2.1(a)

	July 2010 - June 2011	July 2011 - June 2012	July 2012 - June 2013
Alleged dumped imports	Units	Units	Units
China	165 410	430 560	540 710
Imports from other countries	1 403	1 865	2 498
Total imports	166 813	432 425	543 208
Imports from China as % of total imports	99%	99%	99%

The import data indicates that the volume of imports from China has increased between the 2011 and the 2013 financial period.

Table 5.2.1(b)

	July 2011 - Jan 2012	July 2012 - Jan 2013	July 2013 - Jan 2014
Alleged dumped imports	Units	Units	Units
China	264 220	334 377	352 019
Imports from other countries	1 795	1 595	811
Total imports	266 015	335 972	352 830
Imports from China as % of total imports	99%	99%	99%

5.2.2 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 like product produced by the SACU industry, as measured at the appropriate point of comparison.

The information submitted by the Applicant confirms that the SACU industry is experiencing price undercutting as a result of the dumped imports of the subject product from China.

The landed price of the subject product was calculated from the free on board price to a landed price by using actual costing with regard to imports done by the Applicant and expressed as a percentage of the FOB price (8%) and adding a customs duty of 15%.

Comments by the Applicant

The Applicant indicated that as a result of substantial price undercutting it is not able to compete on a fair level and must absorb cost increases to try and compete. It further stated that it is still losing their market share even with suppressed selling prices and further mentioned that the next step

would be to reduce the selling prices, as is seen in July 2013/January 2014 to try and compete. However, this will cause even more injury to the SACU industry.

Price depression

Price depression takes place when the SACU industry's ex-factory selling price decreases during the investigation period.

The tables below show the domestic industry's ex-factory selling price per unit:

Table 5.2.2(b)

Rand/unit	July 2010 – June 2011	July 2011 – June 2012	July 2012 – June 2013
Ex-factory price	100	95	101

The table was indexed due to confidentiality using 2010/2011 as the base year.

The table above indicates that the Applicant's selling prices increased over the period 2011 to 2013, but were depressed in 2012 when compared with 2011.

Table 5.2.2(c)

Rand/unit	July 2011 – Jan 2012	July 2012 – Jan 2013	July 2013 – Jan 2014
Ex-factory price	100	108	107

The table was indexed due to confidentiality using 2011/2012 as the base year.

Comments by Spar

Spar submitted that there is no significant price depression as average selling prices did not fluctuate significantly with the exception of year 2012 where there was a decline of 6 index points compared to 2013. Since then prices have generally been stable and better compared with year 2012.

Comments by Qingdao Youhe

Qingdao Youhe stated that there is no significant price depression as average selling prices did not fluctuate significantly with the exception of year 2012 where there was a decline of 6 index points compared to 2013. It also stated that since then prices have generally been stable and better compared with year 2012.

Comments by the Applicant to Qingdao Youhe's response

In response to Qingdao Youhe's comments, the Applicant stated that its allegations that there is no significant price depression as average selling prices did not fluctuate significantly with exception of year 2012 where there was a decline of 6 index points compared 2013, is incorrect.

It stated that it wishes to highlight that Qingdao Youhe is silent on the fact that price depression recurs in July 2013 to January 2014 as a result of the dumped imports. It further stated that as highlighted in the application, the cost of production increased in the same period while prices did not increase, clearly indicating price suppression as it could not depress its selling prices any further and then absorb the costs increases (suppression) to allow it to sell its product, albeit at a lower price profit margin causing the SACU industry to suffer material injury.

Price suppression

Price suppression is the extent to which an increase in the cost of production of the product concerned cannot be recovered in selling prices.

The following table shows the Applicant's average cost of production and its actual average selling prices for the subject product:

Table 5.2.2(d)

Rand/Unit	July 2010 - June 2011	July 2011 - June 2012	July 2012 - June 2013
Ex-factory price	100	95	101
Production cost	100	109	108
Gross profit	100	69	89
Gross profit %	100	72	88
Cost as a % of selling price	100	115	107

The table was indexed due to confidentiality using 2010/2011 as the base year.

The Applicant indicated that although there was a slight recovery of costs in 2013, price suppression was experienced over the period 2011 to 2013 causing the SACU industry to suffer material injury as prices could not be increased in line with cost increases.

Table 5.2.2(e)

Rand/Unit	July 2011 – Jan 2012	July 2012 – Jan 2013	July 2013 – Jan 2014
Ex-factory price	100	108	107
Production cost	100	109	116
Gross profit	100	107	91
Gross profit %	100	99	85
Cost as a % of selling price	100	100	100

The table was indexed due to confidentiality using 2011/2012 as the base year.

The table above indicates that there was an increase in costs as a percentage of the selling price over the period July 2011/January 2012 to July 2013/January 2014.

5.2.3 Consequent Impact of the dumped imports on the Industry

5.2.3.1 Actual and potential decline in sales

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

Table 5.2.3.1(a)

Sales Volumes (units)	July 2010 - June 2011	July 2011 - June 2012	July 2012 - June 2013
Applicant's sales volume	100	91	117

The table was indexed due to confidentiality using 2010/2011 as the base year.

The Applicant indicated that although their sales volume increased over the period 2011 to 2013, the increase was only 6.9 per cent which is way below the growth of the SACU market and the 227 per cent growth in imports from China over the same period.

Table 5.2.3.1(b)

Sales Volumes (units)	July 2011 – Jan 2012	July 2012 – Jan 2013	July 2013 – Jan 2014
Applicant's sales volume	100	111	131

The table was indexed due to confidentiality using 2011/2012 as the base year.

Comments by Spar Group

Spar Group pointed out that sales volumes actually increased during the period 2012 to 2013. It stated that very substantial sales growth (31 index points) was further recorded between the period Jul 2012 –Jan 2012 and July 2013 – Jan 2014. It submitted that this indicates that the sales position of the industry is much better than it was in the previous year. The reliability of Pabar's sales information is not entirely convincing as it was based on what they produced rather than what they sold. Nevertheless, assuming that the sales remained constant throughout the period, the domestic industry sales still show a positive trend with the exception of year 2012 figures, which were affected by Lasher.

Comments by the Applicant to Spar Group's response

The Applicant stated that Buildit requires wheelbarrows branded with Buildit brand. It is common fact that the only issue to buy branded wheelbarrows from China is lower prices and therefore adds to the

Chinese imports, (volume-dumped) which indicates price undercutting and therefore results in material injury to the local manufacturer.

Comments by Qingdao Youhe

Qingdao Youhe stated that volumes actually increased during the period 2011 to 2013. It stated that there was a very substantial sales growth (31 index points) further recorded between the period July 2011 to January 2012 and July 2013 to January 2014. This indicates that the sales position of the industry was much better than it was in the previous years. The reliability of Pabar's sales information is not entirely convincing as it was based on what they produced rather than what they sold. Nevertheless assuming their sales remained constant throughout the period, the domestic industry sales still show a positive trend with the exception of year 2012 figures, which were affected by Lasher.

Comments by the Applicant to Qingdao Youhe's response

The Applicant pointed out that the exporters' assumption that there was an increase in Lasher's sales volumes and therefore indicates that its sales position was much better than it was in the previous years is wrong. It also stated that as shown in the application the sales volume of the SACU industry increased over the period 2011 to 2013. However the increase was way below the growth of the SACU market while the growth in imports from China was 227 percent over the same period, indicating material injury and causal link. Further, as the SACU industry suppressed its selling price to counter the dumped imports, its sales increased. However as a result of the suppression, the profit margins declined causing Lasher to suffer material injury.

5.2.3.2 Profit

The following table shows the Applicant's profit margins:

Table 5.2.3.2(a)

Rands	July 2010 – June 2011	July 2011 – June 2012	July 2012 – June 2013
Total gross profit	100	62	95
Units sold (units)	100	91	107
Total net profit	100	3	195
Total gross profit per unit	100	69	89
Total net profit per unit	100	3	183

The table was indexed due to confidentiality using 2010/2011 as the base year.

The Applicant indicated that there was a declining trend in the profit margin per unit over the period 2011 to 2013. It also stated that although it increased in 2013 compared with 2012, the SACU industry is still suffering material injury.

Table 5.2.3.2(b)

Rands	July 2011 – Jan 2012	July 2012 – Jan 2013	July 2013 – Jan 2014
Total gross profit	100	123	129
Units sold (units)	100	111	131
Total net profit	Negative	100	120
Total gross profit per unit	100	107	91
Total net profit per unit	Negative	(596)	(607)

The table was indexed due to confidentiality using 2011/2012 as the base year.

Comments by Spar Group

Spar stated that Lasher's gross profit recovered substantially by 33 index points since 2012. It also submitted that consistent increases have also been recorded during the 6-monthly periods.

Comments by Qingdao Youhe

Qingdao Youhe stated that Lasher's gross profit recovered substantially, by 33 index points since 2012. Consistent increases have also been recorded during the 6-monthly periods.

Comments by the Applicant to Youhe's response

In response to Youhe's comments that its gross profit recovered substantially by 33 index points since 2012, the Applicant stated that it is

trying again to cloud the issue at hand. The Applicant indicated that a declining trend in the profit margin per unit over the period 2011 to 2013 is clearly not a “consistent increase”.

It also stated that even with the slight increase in profit in 2013 compared to 2012, the profit in 2013 was still below the 2011 figure indicating that the SACU industry is suffering material injury. Further, in the July to January data, profit also indicates a declining trend over the three year period.

5.2.3.3 Actual and potential decline in output

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

Table 5.2.3.3 (a)

Units	July 2010 – June 2011	July 2011 – June 2012	July 2012 – June 2013
Total production - Wheelbarrows*	100	92	111
Total production - Wheelbarrows	100	91	117

**Include exports*

The table was indexed due to confidentiality using 2010/2011 as the base year.

The Applicant stated that in order to maintain the economies of scale, it has decided not to cut back on their production volumes. It also stated that it increased its production in order to try and secure export markets for excess products.

Table 5.2 3.3 (b)

Units	July 2011 – Jan 2012	July 2012 – Jan 2013	July 2013 – Jan 2014
Total production - Wheelbarrows*	100	117	137
Total production - Wheelbarrows	100	111	130

**Include exports*

The table was indexed due to confidentiality using 2011/2012 as the base year.

Comments by Qingdao Youhe

Qingdao Youhe stated that Lasher's actual production increased by 6 index points since 2012. Again consistent increases have been recorded during the 6 monthly periods.

Comments by the Applicant to Qingdao Youhe's response

In response to Qingdao Youhe's allegation that its actual production increased by 6 index points since 2012, claiming that there is a consistent increases during the 6 months periods, the Applicant stated that it is not cutting back on production volumes in a bid to maintain economies of scale and then try to secure exports markets for excess products which cannot be sold in the SACU market as a result of the dumped imports flooding the SACU market.

5.2.3.4 Actual and potential decline in market share

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

Table 5.2.3.4 (a)

Units	July 2010 – June 2011		July 2011 – June 2012		July 2012 – June 2013	
	Units	%	Units	%	Units	%
Applicant' sales volume	100	100	91	62	117	60
Other SACU manufacturers	100	100	100	68	100	56
Total SACU market	100	100	91	63	107	60
Alleged dumped imports: China	165 410	100	430 560	178	540 710	184
Other imports	1 403	100	1 865	91	2 498	100
Total imports	166 813	100	432 425	177	543 208	60
Total market	100	100	146	100	178	100

The table was indexed due to confidentiality using 2010/2011 as the base year.

The information in the above table indicates that SACU's market share declined over the period 2011 to 2013. The Applicant stated that this decline was as a result of a substantial increase in imports from China over the same period.

Table 5.2.3.4 (b)

Units	July 2011 – Jan 2012		July 2012 – Jan 2013		July 2013 – Jan 2014	
	Units	%	Units	%	Units	%
Applicant' sales volume	100	100	111	93	131	100
Other SACU manufacturers	100	100	100	83	100	76
Total SACU market	100	100	111	92	130	99
Alleged dumped imports: China	264 220	100	334 377	106	352 019	101
Other imports	1 795	100	1 595	74	811	34
Total imports	266 015	100	335 972	105	352 830	101
Total market	100	100	120	100	131	100

The table was indexed due to confidentiality using 2011/2012 as the base year.

5.2.3.5 Productivity

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

Table 5.2.3.5 (a)

Units	July 2010 – June 2011	July 2011 – June 2012	July 2012 – June 2013
Total production in volume	100	92	117
Number of employees (production)	100	73	100
Units per employee	100	126	111

The table was indexed due to confidentiality using 2010/2011 as the base year.

The Applicant stated that productivity shows an increasing trend over the period 2011 to 2013 as it was endeavouring to ensure that its productivity continued to increase to ensure that it could compete with imports.

Table 5.2.3.5 (b)

Units	July 2011 – Jan 2012	July 2012 – Jan 2013	July 2013 – Jan 2014
Total production in volume	100	117	137
Number of employees (production)	100	88	119
Units per employee	100	134	115

The table was indexed due to confidentiality using 2011/2012 as the base year.

Comments by Spar Group

Spar Group stated that the number of production employees in 2013 increased to the 2011 level, following the decline in 2012. Any employment losses suffered in 2012 were regained as the industry improved. Moreover, the number of production employees increased significantly (31index points) in Jul 2013 to Jan 2014 compared to the previous period.

Comments by Qingdao Youhe

Qingdao Youhe stated that Lasher's productivity has increased.

Comments by the Applicant to Qingdao Youhe's response

The Applicant stated that Qingdao Youhe's assumption regarding its employment is wrong. It stated that the employee numbers increased to the same level in 2013 as 2011 as production increased in a bid to reach economies of scales. It also pointed out that it is important to note that employment did not increase in line with production. It further stated that it is important to note that it did not increase in line with production and that the assumption that industry improved is a completely wrong interpretation of the situation as indicated above.

5.2.3.6 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 profit after interest and tax expressed as a percentage of its net value of assets:

Table 5.2.3.6(a)

Rands	July 2010 – June 2011	July 2011 – June 2012	July 2012 – June 2013
Net profit (product concerned)	100	3	195
Net assets (product concerned)	100	140	151
Return on net assets (product)	100	2	130

The table was indexed due to confidentiality using 2010/2011 as the base year.

The table above indicates that return on investment increased. The Applicant mentioned that it must be stressed that the above is based on the book value after depreciation and not on replacement value.

Table 5.2.3.6 (b)

Rands	July 2011 – Jan 2012	July 2012 – Jan 2013	July 2013 – Jan 2014
Net profit (product concerned)	Negative	100	120
Net assets (product concerned)	100	139	149
Return on net assets (product)	Negative	100	112

The table was indexed due to confidentiality using 2011/2012 as the base year.

5.2.3.7 Utilisation of production capacity

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

Table 5.2.3.7(a)

Units	July 2010 – June 2011	July 2011 – June 2012	July 2012 – June 2013
Capacity (units)	100	100	100
Actual production	100	92	111
Capacity utilisation	100	92	111

The table was indexed due to confidentiality using 2010/2011 as the base year.

The above table indicates that capacity utilisation increased over both periods. The Applicant stated that the increase was from a low base and remained over the periods 2011 to 2013 at unacceptable low levels.

Table 5.2.3.7(b)

Units	July 2011 – Jan 2012	July 2012 – Jan 2013	July 2013 – Jan 2014
Capacity (units)	100	100	100
Actual production	100	117	137
Capacity utilisation	100	117	137

The table was indexed due to confidentiality using 2011/2012 as the base year.

Comments by Qingdao Youhe

Qingdao Youhe stated that Lasher's capacity utilisation increased by 11 index points.

Comments by the Applicant to Qingdao Youhe's response

In relation to Qingdao Youhe's comments that the Applicant's capacity utilization increased by 11 index points, Lasher stated that the capacity utilization increased from an unacceptable low base as it tried to achieve economies of scale by increasing production. Thus the 11 index points pointed out by the exporter does not detract from injury.

5.2.3.8 Factors affecting domestic prices

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

5.2.3.9 The magnitude of the margin of dumping

In Chapter 4 of this submission, it was found that the subject product was imported at dumped prices into the SACU during the investigation period at the following margins:

Tariff subheading	Product	Producer	Dumping margin as of export price
8716.80.10	Wheelbarrows	Qingdao Yongyi	(2.57%)
8716.80.10	Wheelbarrows	Qingdao Youhe	32.32%
8716.80.10	Wheelbarrows	All other exporters (excluding Qingdao Yongyi)	29.82%

5.2.3.10 Actual and potential negative effects on cash flow

The following table reflect the Applicant's cash flow situation:

Table 5.2.3.10(a)

Rands	July 2010 – June 2011	July 2011 – June 2012	July 2012 – June 2013
Subject product			
Cash flow: incoming	100	98	123
Cash flow: outgoing	100	103	119
Net cash flow	100	57	154
Company			
Cash flow: incoming	100	101	118
Cash flow: outgoing	100	108	122
Net cash flow	100	48	124

The table was indexed due to confidentiality using 2010/2011 as the base year.

The Applicant stated that the increase in cash flow can be attributed to cutback measures applied with regard to the wheelbarrows to counter the injury experienced as a result of the dumped imports in the SACU market.

Table 5.2.3.10(b)

Rands	July 2011 – Jan 2012	July 2012 – Jan 2013	July 2013 – Jan 2014
Subject product			
Cash flow: incoming	100	123	148
Cash flow: outgoing	100	111	135
Net cash flow	100	294	338
Company			
Cash flow: incoming	100	116	131
Cash flow: outgoing	100	111	126
Net cash flow	100	166	185

The table was indexed due to confidentiality using 2011/2012 as the base year.

5.2.3.11 Inventories

The Applicant provided its inventory level figures listed in the table below:

Table 5.2.3.11(a)

	July 2010 – June 2011	July 2011 – June 2012	July 2012 – June 2013
Volume in units	100	85	157
Value	100	86	162
Value per unit (R/unit)	100	101	103

The table was indexed due to confidentiality using 2010/2011 as the base year.

The above table indicates that there was an increase in the volume of inventories of wheelbarrows over the periods 2011 to 2013. The Applicant

stated that although the demand existed, it was unable to sell the subject product as a result of the low priced imports.

Table 5.2.3.11(b)

	July 2011 – Jan 2012	July 2012 – Jan 2013	July 2013 – Jan 2014
Volume in units	100	148	136
Value	100	144	146
Value per unit (R/unit)	100	97	107

The table was indexed due to confidentiality using 2011/2012 as the base year.

5.2.3.12 Employment

The following table provides the Applicant's employment figures for the subject product:

Table 5.2.3.12(a)

Units	July 2010 – June 2011	July 2011 – June 2012	July 2012 – June 2013
Direct labour units: production	100	78	92
Indirect labour units: production	100	25	163
Total labour units: production	100	73	100

The table was indexed due to confidentiality using 2010/2011 as the base year.

The information in the table reflects that employee numbers remained stable over the period 2011 to 2013 although slightly reduced in 2012 for a short period.

Table 5.2.3.12(b)

Units	July 2011 – Jan 2012	July 2012 – Jan 2013	July 2013 – Jan 2014
Direct labour units: production	100	86	118
Indirect labour units: production	100	100	125
Total labour units: production	100	88	119

The table was indexed due to confidentiality using 2011/2012 as the base year.

5.2.3.13 Wages

The following table provides the Applicant's wages paid:

Table 5.2.3.13(a)

Rands	July 2010 – June 2011	July 2011 – June 2012	July 2012 – June 2013
Total wages: Production	100	105	132
Wages per employee	100	144	132

The table was indexed due to confidentiality using 2010/2011 as the base year.

Wages in the above table indicates an increasing trend which has an impact on increasing production costs. The Applicant indicated that wages are negotiated at the Metal Industries Bargaining Council between the Steel and Engineering Federation (SEIFSA) and Trade Union bodies.

Table 5.2.3.13(b)

Rands	July 2011 – Jan 2012	July 2012 – Jan 2013	July 2013 – Jan 2014
Total wages: Production	100	129	154
Wages per employee	100	147	130

The table was indexed due to confidentiality using 2011/12 as the base year.

5.2.3.14 Growth

The following table indicates the growth of the SACU market index as provided by the Applicant:

Table 5.2.3.14(a)

Wheelbarrows	July 2010- July 2011	July 2011 – June 2012	% Growth	July 2012- June 2013	% Growth
Size of the SACU market	100	146	100	178	47
Applicant 'sales volume	100	91	Negative	117	Positive
Other SACU	100	100	100	100	100
Total SACU	100	91	Negative	107	Positive
Chinese Imports	100	260	100	327	16
Other imports	100	133	100	178	103
Total imports	100	259	100	326	16

The table was indexed due to confidentiality using 2010/2011 as the base year

From the above table it is evident that the SACU sales volume showed negative growth in 2012 compared with 2011, and 17 percent growth in 2013 compared with 2012. Lasher stated that over the period 2011, to 2013 the growth was only 7 percent, while the SACU market had grown by

78 percent over the same period. The imports from China over the period 2011 to 2013 realised growth of 227 percent.

Table 5.2.3.14(b)

Wheelbarrows	July 2011- Jan 2012	July 2012- Jan 2013	% Growth	July2013- Jan 2014	% Growth
Size of the SACU market	100	120	100	131	49
Applicant 'sales volume	100	111	100	131	163
Other SACU	100	100	100	100	100
Total SACU	100	111	100	130	164
Chinese Imports	100	127	100	133	20
Other imports	100	89	Negative	45	Negative
Total imports	100	126	100	133	19

The table was indexed due to confidentiality using 2011/2012 as the base year.

5.2.3.15 Ability to raise capital or investments

The Applicant submitted the following information regarding its ability to raise capital or investment:

Table 5.2.3.15(a)

Rands	July 2010 – June 2011	July 2011 – June 2012	July 2012 – June 2013
Total capital/investment in the subject product	100	139	164
Capital expenditure during year on the subject product	100	160	99

The table was indexed due to confidentiality using 2010/2011 as the base year.

Table 5.2.3.15(b)

Rands	July 2011 – Jan 2012	July 2012 – Jan 2013	July 2013 – Jan 2014
Total capital/investment in the subject product	100	137	161
Capital expenditure during year on the subject product	100	117	134

The table was indexed due to confidentiality using 2011/2012 as the base year.

The Applicant stated that it continued to invest over the period to remain competitive. As capacity utilisation is low, production can be increased without additional investment required at this stage.

5.3 SUMMARY - MATERIAL INJURY

The Commission made a preliminary determination that the SACU industry is suffering material injury.

6. THREAT OF MATERIAL INJURY

6.1 The Applicant provided the following reasons to substantiate threat to the SACU industry:

6.1.1 Freely disposable capacity or imminent substantial increase in capacity of the exporters

The Applicant stated that this is unknown to them, but indicated that it appears that China has a substantial number of wheelbarrow manufacturers that are export orientated and can supply on demand.

6.1.2 Significant increase of alleged dumped imports

Imports of the alleged dumping imports under the tariff subheading 8716.80.10 are as follows:

Table 6.1.2(a)

	2011	2012	2013
China	165 410	430 560	540 710
Other imports	1 403	1 865	2 498
Total imports	166 813	432 425	543 208

Table 6.1.2 (b)

	July 2011 – Jan 2012	July 2012 – Jan 2013	July 2013 – Jan 2014
China	264 220	334 377	352 019
Other imports	1 795	1 595	811
Total imports	266 015	335 972	352 830

The Applicant indicated that it is clear that the Chinese exports are flooding the SACU market making it challenging for the SACU industry to compete and sell their product. The Applicant further stated that the import market share has increased substantially over the period 2011 to 2013 and represents more than 50 per cent of the SACU market.

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

The Applicant indicated that it has experienced price undercutting as a result of imported prices. It also stated that it experienced price suppression as a result of not being able to increase prices because China is dominating the import market with its low priced exports.

6.1.4 Inventories of subject product

The Applicant indicated that the exporters' inventories are not known, but it is however known that the exporters can supply substantial orders on short notice.

6.1.5 State of the economy of the country of origin

The Applicant cited China's economic and social reforms as posing a threat of material injury.

6.2 SUMMARY ON THREAT OF MATERIAL INJURY

In considering whether a threat of material injury exists, the Commission took into account that the market share of imports has increased substantially over the period 2011 to 2013 and represents more than 50 per cent of the SACU market. The Commission also took note of the price undercutting experienced by the SACU industry and the suppressing effect that the large volume of imports from China has on the SACU industry's prices.

The Commission therefore made a preliminary determination that a threat of material injury exists.

7. CAUSAL LINK

7.1 GENERAL

In order for the Commission to impose provisional measures, 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 product.

7.2 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 alleged dumped product.

The following table shows the market share of the SACU product with that of the alleged dumped imports:

Table 7.2.1 (a): Market share

Percentage market share held by:	Jul 2010- June 2011	Jul 2011 – June 2012	July 2013 – June 2013
Applicant	100	62	60
Alleged dumped imports	100	178	184

The table was indexed due to confidentiality using 2010/2011 as the base year.

Table 7.2.1 (b): Market share

Percentage market share held by:	Jul 11 – Jan 12	Jul 12 – Jan 13	Jul 13 – Jan 14
Applicant	100	93	100
Alleged dumped imports	100	106	101

The table was indexed due to confidentiality using 2011/2012 as the base year.

The information in the table indicates that the market share of the Applicant decreased over the period 2011 to 2013, with a corresponding increase in the market share of the alleged dumped imports over the same period.

Comments by K Carrim Wholesalers

K Carrim stated that the reason it is importing the subject product is that Lasher's policy prevents entrants into the market by requiring a new customer to purchase the subject product for cash for a period of one year before they can be allowed to open an account with Lasher. K Carrim found that they could purchase the subject product cheaper from Lasher's other clients than directly from Lasher. These intricate policies and uneven categorization of customers distort the market. Furthermore, Lasher has limited manufacturing resources. All these factors end up rendering the local subject product artificially high in price. There is also a lack of competition and therefore limited supply. They have sourced imported product as it was increasingly becoming difficult to respond to their customers' demand because of the facts noted above.

K Carrim further submitted that Lasher simply wants to retain the lion's share of the market at the expense of the customer. Imports account for roughly a fifth of the entire market and Lasher have a very complicated sales structure that is creating market distortions and artificially raise the price of the subject product because of the lack of competition.

There is high demand for the subject product and Lasher cannot meet the demand with their current convoluted sales structure and limited manufacturing resources. K Carrim has been purchasing the subject product from Gold Reef Tools and King Manufacturers but Lasher bought these companies out of the market to secure their monopoly of trade.

The imported product offers a counter-balance to the market dominance that Lasher is enjoying. If these imports disappear because of the impending duties, the Commission will have done a disservice to the construction and mining industry and the man on the street. This will further entrench Lasher's dominance in the market and erode the welfare of the populace at large. The subject product will not be affordable to the end-user. Perhaps at the heart of the matter is that the subject product is not a complex product and Lasher uses similar raw materials as other manufacturers around the world but

Lasher is somehow unable to produce an affordable product such as other global players. Lasher is determined to shut out all competition so that they continue dominating the market at the expense of the customer whose choices would have been reduced.

Comments by the Applicant to K Carrim Wholesalers' response

In response to the above, the Applicant stated that all the allegations are not true. It stated that Carrim used to have an account with Lasher but was closed due to not adhering to payment terms. It further stated that it is operating well below full capacity as a result of the dumped imports.

It also pointed out that there is sufficient competition in the market between the SACU manufacturers and fair imports - although the dumped imports have squeezed the fair imports from the market, with the result that wheelbarrow imports originating from China represent close to 100 per cent of the import market.

Comments by Ezamvelo

Ezamvelo stated that it is the shortage of product from the domestic market manufacturer and that the domestic manufacturer has its own distribution policy which is not open market and free economy policy.

Comments by the Applicant Ezamvelo's response

Applicant stated that this is a malicious statement by Ezamvelo, as there is no shortage of product in the market. It also stated that Lasher is operating well below capacity as a result of the dumped imports in the market. Secondly, although one manufacturer already closed down as a result of the imports, there is a second manufacturer of wheelbarrows in SACU, namely Pabar.

The Applicant further pointed out that there is nothing wrong with its distribution policy to ensure orderly and feasible distribution while the allegations of "not an open market and a free economy" is unsubstantiated and untrue.

The Applicant further indicated that the allegations of Ezamvelo regarding specifications are opportunistic. Firstly it does have different types of wheelbarrows, in fact more than 10 and not as Ezamvelo alleged "only one product". Further, there exist nothing like a "light duty" wheelbarrow etc.

It also stated that wheelbarrows are designed based on years of experience in Africa for the Africa environment. That is why it lasted longer than some Chinese products. What is important is that the Chinese copied the Lasher wheelbarrows in structure and colour - and therefore when selling them refers to "Africa wheelbarrows".

Comments by Spar Group

Spar Group stated that imports play a huge role in meeting market needs. It is unlikely that the domestic industry alone can adequately satisfy quantity and quality requirements of the SACU market. Imports therefore play a vital role in filling the gap. Importing the subject product provides sourcing options and choice to the market.

Comments by Jeplin Industries

Lasher already controls the wheelbarrow market with 3 different quality wheelbarrows. They also control the spade and shovel market and enjoy the dumping duty in this market. They select their customers and do not supply everybody and they already have too much control over this market. Should they wish to compete like the rest of us they must become more competitive and more efficient in the market.

Response by the Applicant to Jeplin Industries' comments

In response to Jeplin Industries' allegations, the Applicant stated that the imported product is substituting the Southern African Customs Union ("SACU") product as it is competing directly with the SACU industry products in the market.

It also stated that Jeplin comments on the anti-dumping duties relating to shovels and spades. However, these products do not form part of this investigation and thus it is irrelevant in this investigation.

The SACU industry is not trying to prohibit the importation of wheelbarrows into SACU, but is seeking protection against the dumped imports from China that is causing the SACU industry to suffer material injury. The Application document clearly indicated that one of the injury indicators is price suppression. It further pointed out that unsubstantiated allegations are made relating to the costs allegedly incurred by the importers which should be disregarded.

Commission's consideration

The Commission took note of the comments submitted by interested parties, but was of the opinion that no substantiating information was submitted which could have an effect in the consideration of the causal link.

The following table shows the volume of imports:

Table 7.2.2 (a): Import volumes

Units	Jul 2010 – June 2011	Jul 2011 – June 2012	July 2012 – June 13
Alleged dumped imports	165 410	430 560	540 710
Other imports	1 403	1 865	2 498
Total imports	166 813	432 425	543 208
Alleged dumped imports as % of total imports	99%	99%	99%

Table 7.2.2 (b): Import volumes

Units	Jul 11 – Jan 12	Jul 12 – Jan 13	Jul 13 – Jan 14
Alleged dumped imports	264 220	334 377	35 019
Other imports	1 795	1 595	811

Total imports	266 015	335 972	352 830
Alleged dumped imports as % of total imports	99%	99%	99%

The table above indicates that the alleged dumped imports increased over the period 2011 to 2013, but decreased over the comparable 7 month period.

7.3 EFFECT OF DUMPED IMPORTS ON PRICES

The following table shows the price effects of the Applicant:

Table 7.3.1 (a): Price undercutting, price depression and price suppression

Rand/unit	July 2010 – June 2011	July 2011 – June 2012	July 2012 – June 2013
Applicant's ex-factory price	100	95	101
Cost as % of selling price	100	109	108
Price undercutting	100	100	81

The table was indexed due to confidentiality using 2010/2011 as the base year.

**Table 7.3.1 (b): Price undercutting, price depression and price suppression
Comparable 7 month period**

Rand/unit	Jul 11 - Jan 12	Jul 12 - Jan 13	Jul 13 - Jan 14
Applicant's ex-factory price	100	108	107
Cost as % of selling price	100	109	116
Price undercutting	100	92.25	94.62

The table was indexed due to confidentiality using 2011/2012 as the base year.

7.4 CONSEQUENT IMPACT OF DUMPED IMPORTS

Table 7.4: Material Injury Indicators

	Analysis (July 2010 – June 2013)	Analysis (July 2013 – January 2014)
Sales volume	Increased	Increased
Output	Increased	Increased
Market share	Decreased	Decreased
Utilisation of capacity	Increased	Increased
Cash flow	Increased	Increased
Return on investment	Increased	Increased
Employment	Increased	Increased
Wages	Increased	Increased
Growth	Increased	Increased
Profit	Decreased	Increased
Total capital investment	Decreased	Decreased

7.5 FACTORS OTHER THAN THE DUMPING CAUSING INJURY

7.5.1 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 7.5.1: Examination of causality under Article 3.5

Variable	Year			% change June 2011 – June 2013
	2011	2012	2013	
Prices of imports not sold at dumped prices (R/unit)	224	84.62	233	4%
Volume of imports not sold at dumping prices (units)	1 403	1 865	2 498	78.04%
Contraction in demand: Growth rate for the subject product	510 676	746 865	909 462	78.09%

7.5.2 Changes in the patterns of consumptions

The Applicant stated that there is no contraction in demand or any changes in the patterns and that the demand continues to increase.

7.5.3 Export performance of the domestic industry

The Applicant stated that it is not traditionally an exporter. However, it indicated that its exports increased in order to prevent increased inventory levels over the period as domestic sales were down.

7.5.4 Productivity of the domestic industry

The Applicant stated that it believes that its productivity is comparable to that of overseas producers.

7.5.5 Developments in technology

The Applicant indicated that its technology is comparable with the overseas technology.

7.5.6 Trade restrictive practices between foreign and SACU producers

No information in this regard was available.

7.5.7 Competition between SACU and foreign producers

No information in this regard was available.

7.6 CONCLUSION ON CAUSAL LINK

In making its determination, the Commission considered relevant factors other than dumping, such as the export performance of the domestic industry and the developments in technology.

After considering all comments from interested parties, the Commission made a preliminary determination that there was a causal link between the dumped products and the material injury suffered by the SACU industry.

8. SUMMARY OF FINDINGS

8.1 Dumping

The Commission found that the subject product originating in or imported from China was being dumped in the SACU market with the following dumping margins:

Table 8.1: Dumping margins

Tariff sub-heading	Country/manufacturer	Dumping Margins
8716.80.10	Produced by Qingdao Youhe	32.32%
	Produced by Qingdao Wantai	29.82%
	All exporters (excluding Qingdao Yongyi; Qingdao Youhe; Qingdao Wantai)	29.82%

8.2 Material Injury

The Commission made a preliminary determination that the SACU industry is suffering material injury in the form of:

- (a) Price suppression;
- (b) Declining selling prices;
- (c) Declining gross profit;
- (d) Declining market share;
- (e) Capacity utilization; and
- (f) Decline in growth.

8.3 Threat of material injury

The Commission made a preliminary determination that there is threat of material injury.

8.4 Causal Link

The Commission found that a causal link between the alleged dumped imports of the subject product originating in or imported from China, and the material injury suffered by the SACU industry exists.

9. PROVISIONAL PAYMENTS

9.1 Calculation of duty

The Commission found that all requirements for the imposition of a provisional payment have been fulfilled.

9.2 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 of the SACU product.

The ADR in section 17 provides that the Commission shall consider applying the lesser duty rule if both the corresponding importer and exporter have cooperated fully.

The following table shows the price disadvantage margins (expressed as a percentage of the f.o.b. export price) and the dumping margins determined in section 4 above:

Table 9.2: Price disadvantage

Manufacturer/exporter	Dumping as a percentage of the f.o.b export price	Price disadvantage as a percentage of f.o.b export price
Qingdao Youhe	32.32%	99.59%

9.3 Amount of provisional payments

The amounts of provisional payments were concluded to be the following:

Table 9.3: Provisional payments

Tariff sub-heading	Country/manufacturer	Amount of provisional payment
8716.80.10	China: Produced by Qingdao Youhe	32.32%
	China: Qingdao Wantai	29.82%
	All other exporters (China: excluding Qingdao Yongyi, Qingdao Youhe, Qingdao Wantai)	29.82%