

**Report No. 502**

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

The International Trade Administration Commission of South Africa herewith presents  
its **Report No. 502: INVESTIGATION INTO THE ALLEGED DUMPING OF  
WHEELBARROWS ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S  
REPUBLIC OF CHINA (CHINA): FINAL DETERMINATION**



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**31/07/2015**

# **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): FINAL 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 Ussher Inventions (Pty) Ltd, trading as Lasher Tools, being the major producer of the subject product in the SACU, representing more than 90% 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 would continue to suffer material injury during the course of the investigation if provisional payments were not imposed, it decided to request the Commissioner for South African Revenue Service (SARS) to impose provisional measures on imports of the subject product for a period of 6 months.

A preliminary report was issued to interested parties which were invited to comment on the Report.

Based on the details as contained in the Commission's preliminary report, the comments received, and the verified exporters' information, the Commission made a final determination before "essential facts" that it was considering that the subject product was being dumped on the SACU market and that, as a result, the SACU industry was suffering material injury.

Essential facts letters were sent out to all interested parties, informing them of the "essential facts" which were being considered by the Commission. Comments were invited from interested parties on these "essential facts".

After considering all parties' comments, the Commission made a final determination that wheelbarrows originating in or imported from China were dumped, causing material injury to the domestic industry, and decided to recommend to the Minister of Trade and Industry that the following definitive anti-dumping duties be imposed on the imports of the subject product originating in or imported from China.

<b>Tariff sub-heading</b>	<b>Country/manufacturer</b>	<b>Amount of anti-dumping duties</b>
8716.80.10	China: Manufactured by Qingdao Youhe Handtruck Co. Ltd	32.32%
	China: Manufactured by Qingdao Wantai Special Handtruck Co. Ltd	39.92%
	China (Excluding those manufactured by Qingdao Yongyi Metal Products Co. Ltd; Qingdao Youhe Handtruck Co. Ltd and Qingdao Wantai Special Handtruck Co. Ltd)	29.82%

## **APPLICATION AND PROCEDURE**

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### **1.1 LEGAL FRAMEWORK**

This investigation has been 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 Ussher Inventions (Pty) Ltd, trading as Lasher Tools, being the major producer of the subject product in the SACU, representing more than 90 per cent 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 motivation 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 Applicant submitted the application on 14 March 2014. The information submitted by the Applicant was verified on 31 March 2014.

The trade representative of the country concerned was notified of the Commission's receipt of a properly documented application on 10 June 2014, in terms of section 27.1 of the ADR.

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.

All known interested parties were informed and requested to respond to the questionnaires and the non-confidential version of the application.

## **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, Ussher Inventions (Pty) Ltd, trading as Lasher Tools. The application was 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 submitted full and complete responses to the Commission's exporter questionnaire:

- Qingdao Yongyi Metal Products Co. Ltd; and
- Qingdao Youhe Hand Truck Co. Ltd.

Sam's International (Pty) Ltd requested extension to submit a response but since it is an agent exporting wheelbarrows to South Africa from China and not a manufacturer of the subject product, no extension was granted.

Request for extension to submit a response to the Commission's exporter questionnaire was also 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 documented, 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.

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 submitted full and complete responses to the Commission's importer questionnaire:

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

The following importer's response was deficient:



(a) Ikhaya Tools cc.

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; and
- Confidentiality was not claimed and the sworn affidavit was also not attached.

Ikhaya Tools did not address these deficiencies within the stipulated time frame. The Commission decided not to take the information into account for purposes of the final determination.

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 it 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 in this way.

### **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.

The Commission further indicated in its letters to Exploit Tools 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.

## **1.8 PRELIMINARY DETERMINATION**

After considering all the responses and comments by interested parties, the Commission made a preliminary determination that wheelbarrows originating in or imported from China (excluding those manufactured by Qingdao Yongyi Metal Products Co. Ltd) were being imported to the SACU market at dumped prices, thereby causing material injury to the SACU industry.

The Commission considered that the SACU industry would continue to suffer material injury during the course of the investigation if provisional payments were not imposed. The Commission therefore decided to request the Commissioner of South African Revenue Service to impose provisional measures on imports of the subject product from China, for a period of 6 months. Provisional payments were imposed on 6 March 2015.

The Commission's preliminary determination was sent to interested parties for comments. Comments on the Commission's preliminary determination were received from the Applicant, Ikhaya Tools cc and Qingdao Youhe Handtruck Co. Ltd.

Essential facts letters were sent out to all interested parties, informing them of the "essential facts" which were considered by the Commission. Comments to the essential facts were received from the Applicant, Qingdao Youhe Handtruck Co. Ltd and Qingdao Wantai Special Handtruck Co. Ltd.

All submissions made by interested parties are contained in the Commission's public file for this investigation and are available for perusal. 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 FINAL DETERMINATION

After considering all the comments received to “essential facts”, the Commission made a final determination that the subject product from China (excluding those manufactured by Qingdao Yongyi Metal Products Co. Ltd) was being dumped into the SACU market causing material injury to the SACU industry.

The Commission therefore decided to recommend to the Minister of Trade and Industry that definitive anti-dumping duties on wheelbarrows originating in or imported from China (excluding those manufactured by Qingdao Yongyi Metal Products Co. Ltd), be imposed as follows:

<b>Tariff sub-heading</b>	<b>Country/manufacturer</b>	<b>Amount of anti-dumping duties</b>
8716.80.10	China: Manufactured by Qingdao Youhe Handtruck Co. Ltd	32.32%
	China: Manufactured by Qingdao Wantai Special Handtruck Co. Ltd	39.92%
	China (Excluding those manufactured by Qingdao Yongyi Metal Products Co. Ltd; Qingdao Youhe Handtruck Co. Ltd and Qingdao Wantai Special Handtruck Co. Ltd)	29.82%

## 2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

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### 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 dumped imports as a percentage of the total imports:

**Table 2.1.4: Import volumes as % of dumped imports**

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 accounts for 99 per cent of the total imports of the like product during the period of investigation for dumping.

The Commission made a final 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:** 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 quality requirements of the Build-it brand. 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:** 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**

	<b>Imported product</b>	<b>SACU product</b>
Raw materials	Steel frames, steel pan and rubber wheels	Steel frames, 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

	Imported product	SACU product
Production process	<p><b>Pan manufacturing:</b> Consisting of blanking, drawing, clipping, folding of lip, making of bead wire, closing of lip embossing of pan and painting of pan.</p> <p><b>Frame manufacturing:</b> Consisting of tube bending, bending of nose, hole punching, final forming, welding, paint and punching.</p> <p><b>Wheel manufacturing:</b> 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><b>Assembly:</b> Bolting all parts together, labelling and packing.</p>	<p><b>Pan manufacturing:</b> Consisting of blanking, drawing, clipping, folding of lip, making of bead wire, closing of lip embossing of pan and painting of pan.</p> <p><b>Frame manufacturing:</b> Consisting of tube bending, bending of nose, hole punching, final forming, welding, paint and punching.</p> <p><b>Wheel manufacturing:</b> 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><b>Assembly:</b> 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 by them, a comparison between the products exported to SACU and the product sold on the 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 the 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 cover 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 Handtruck Co. Ltd**

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) and (WB9400).

It also stated these models differ from 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 mean 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 and WB3800-T. The WB3800 is the most common while the other models are simply minor variations of the 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.

**Commission's consideration**

The Commission considered the comments as they relate to the like product determination. The Commission considered that the subject product is "wheelbarrows" and that these arguments do not add any value to the determination of the like product. The Commission considered the matter further as it relates to the calculation of the dumping margin, as is reflected in Section 4 of this report.

After considering all the above factors, the Commission made a final 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**

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The Applicant's output represents more than 90 per cent of the total SACU production.

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

## **4. DUMPING**

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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 YONGYI 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.

#### **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, the Commission, for purposes of its final 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 found to be comparable to those exported to the 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 final determination used the actual export sales to SACU by Qingdao Yongyi during the period of investigation to calculate the export price.

#### **Comments by the Applicant to the Commission's preliminary determination**

The Applicant stated that it had noted in Qingdao Yongyi's response that "the wheelbarrows sold to other countries outside SACU and the ones sold to SACU are identical when the same models are compared. However, in the Report the Commission states that only exports to Sri Lanka were comparable." It also stated that this is a contradiction and it thus requested the Commission to clarify. It further stated that the Commission needs to establish if the exports to the other countries cover the cost of production plus a reasonable addition of selling, general and administrative costs and profit as Qingdao Yongyi might be dumping the subject product also in other countries.

### **Commission's consideration**

With regard to the methodology used by the Commission for purposes of establishing the normal value for Qingdao Yongyi, the Applicant correctly stated that the ITA Act provides 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 exports to the SACU. The Commission used this discretion and decided to use the exports of the subject product to Sri Lanka to determine the normal value, based on the following criteria:

- Volumes exported to that country are comparable to the volumes exported to the SACU;
- Customers exported to in that country are comparable to the customers exported to in SACU, i.e. if the company only exported to wholesalers, a country should be selected where exports were only to wholesalers, etc.; and
- The country exported to should have a domestic manufacturing industry.

### **Comments by Applicant to ITAC's response to the Commission's preliminary determination report**

The Applicant stated that in Section 32 (2) (b) (ii) of the ITA Act, the constructed cost of production is listed as (aa) and export price to an appropriate third country as (bb). Therefore, it submitted that the Commission ought to have used the constructed cost of production as it is listed first, and in absence of the constructed cost information, the Commission could have moved to the second option.

It also pointed out that the Commission used the listed criteria to determine a comparable country for normal value purposes. However the Commission is silent on how these criteria were met. It therefore requested the Commission address this aspect in detail prior to making a final determination.

### **Commission's consideration**

The Commission is of the view that it has discretion as to the alternative method of calculation of the normal value and considering the information available, made a final determination to confirm the methodology used for purposes of its preliminary determination.

### **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 HANDTRUCK 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 and Mrs Wang Jingling. 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 final 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. However, no information with regard to the differences in cost of production between models sold on the domestic market in China and those exported to SACU was provided to enable the Commission to consider adjustments to the domestic selling prices for purposes of determining the normal value.

The Commission therefore decided to determine the normal value for Qingdao Youhe based on the best information available, being the actual domestic sales by Qingdao Youhe during the period of investigation.

#### **Comments by Qingdao Youhe to the Commission's preliminary determination report**

Qingdao Youhe provided the following analysis in response to the Commission's determination of the calculation of the dumping margin:

##### **(1) Model exported to SACU**

It stated that the WB3800 model, with a few model variants, was the only model exported to SACU during the investigation period. The WB3800-P, WB3800-Q and WB3800-T models have small variations when compared to the WB3800, which by volume was the model most exported to SACU.

However, the variations between the WB3800 model variants are small, and are noted in the response in the interest of completeness.

It also indicated that in terms of ADR 12.2: "In cases where more than one product is under investigation, the Commission shall normally determine the margin of dumping as follows:

- (a) in the case of products that can be separately identified by the South African Revenue Service, a separate margin of dumping shall be calculated for each product;
- (b) in the case of products that cannot be separately identified by the South African Revenue Service, the Commission shall normally
  - (i) calculate the margin of dumping for each product separately; and
  - (ii) determine the weighted average margin of dumping for all products on the basis of the individual export volume of each product."

It further indicated that it should not be construed that its submission does not make a model-to-model comparison in calculating normal value. The WB3800 range is in fact a single model. The minor physical differences in the WB3800 range were adjusted for. This adjustment arose as a result of the small differences in steel, dimensions and consequently the cost of steel used.

The WB3800 range was not sold in the Chinese domestic market during the period of investigation nor was there a comparable model exported to SACU. This was explained during verification and confirmed in the verification report, which clearly states that "there were no sales of the comparable product exported to the SACU market on the Chinese market during the period of investigation.

**(2) Models sold on the domestic market**

Qingdao Youhe stated that there were five wheelbarrow models sold in the Chinese domestic market during the period of investigation.

Models sold in the Chinese domestic market are for a number of reasons different from the WB3800 model exported to SACU. Moreover, the five models sold in the Chinese domestic market are themselves different from one another.

A comparison of the domestically sold models against the model exported to SACU resulted in incomparable models being compared by ITAC.

Qingdao Youhe further stated that it is apparent from information submitted to the Commission that the Chinese market demands wheelbarrow models that are significantly larger with a notably higher weight bearing ability and load capacity compared to the SACU model which is significantly smaller with a load capacity smaller than any of the models sold domestically. These differences not only mean that the cost of production, as reflected in the detailed cost build up by model, is higher but also that larger capacity models demand different selling prices which are set by model. These cost and price differences are clearly shown in the cost build-up in ITAC's possession. All of these costs were verified by ITAC and found to be correct.

The WB6414-C and WB6414-D are completely incomparable to the WB3800 as they are almost double the size. The weight bearing ability of the WB3800 is 100kg compared to 180 kg and 160kg capacity of the WB6414-C and D respectively. Moreover, the WB6414-C has two wheels compared to the WB3800, which has one wheel.

The 50 wheelbarrows of model WB6414-C was a once-off small production run, specifically tailored for and sold to the end user, which is a construction company.

The WB9400 has a 200 kg weight bearing ability and the frame is different. The product is constructed for heavy-duty industrial applications and is in no way comparable with the WB3800 with half the weight bearing ability of the WB9400. The WB9400 is not a comparable model.

WB6400-B and WB6400-C also differ from the WB3800 range in terms of weight bearing ability, load capacity, production cost and selling price. Even though the differences are not as stark as that of WB6414-C, WB6414-D and WB9400, these differences are nevertheless obvious.

From a cost perspective, models with a bigger load capacity require steel with greater thickness and a bigger wheel compared to the SACU model. Qingdao Youhe provided the different specifications of the raw materials making the major components of each model differ.

Qingdao Youhe also pointed out that the differences between the wheelbarrows exported to the SACU and those sold in the Chinese domestic market do not allow for proper and fair comparison for normal value based on the information supplied.

#### **Commission's consideration**

Qingdao Youhe's comments relating to use of Chinese domestic sales for purposes of determining normal value were noted. However the fact that there were no sales of the "same model" in the domestic market during the period of investigation does not mean that there were no sales of the "product under investigation" being "wheelbarrows". The second part of the like product definition clearly states that "in the absence of an identical product, another product which, although not alike in all respects, has characteristics closely resembling those of the product under investigation" is a like product.

The Commission's preliminary report clearly stated that although 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, it had domestic sales of other models of the product under investigation. Qingdao Youhe's suggestion to make use of sales to Sri Lanka is therefore not appropriate as there were sales of the subject product in the Chinese market during the period of investigation. The Commission is therefore obliged to have regard to these sales in determining the normal value.



The Commission however found that no information with regard to the differences in cost of production between the models sold on the domestic market in China and those exported to SACU was provided to enable it to consider adjustments to the domestic selling prices for purposes of determining the normal value.

The Commission made a final determination to determine normal value for Qingdao Youhe based on the best information available, being the actual domestic sales during the period of investigation.

#### **Comments by Qingdao Youhe to the Commission's "essential facts" letter**

In response to the Commission's "essential facts" letter, Qingdao Youhe stated that it has made extensive written submissions to the Commission and demonstrated that normal value based on domestic sales is inappropriate in this case because of the vast differences involved. It stated that the Commission appears to persist with using domestic sales for normal value purposes. It further indicated that this unfair and inappropriate position has consequently resulted in a huge preliminary and now final dumping duty, which has completely closed off the SACU market to it.

#### **Commission's consideration**

Although the Commission noted the submissions by Qingdao Youhe that there are differences in physical characteristics between the domestic sales models and the model exported to SACU, no information on the extent of these adjustments was submitted by Qingdao Youhe.

### **4.2.2 Export price**

The Commission for purposes of its final 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 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 the prices.

#### **Physical differences**

An adjustment for physical differences between the models exported to SACU and models exported to other markets was claimed by Qingdao Youhe.

As the Commission decided not to use sales to other markets to determine the normal value, it decided not to consider this adjustment.

### **4.2.3 Dumping margin**

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

## **4.3 METHODOLOGY IN THIS INVESTIGATION FOR QINGDAO WANTAI SPECIAL HAND TRUCK Co., LTD IN CHINA**

### **Sales in the ordinary course of trade**

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

**a. Shareholding and Board of Directors**

The company is owned by Kong Fanye who is the General Manager. Wang Jisheng and Xue Yuxian are the shareholders in the company.

**b. Raw materials and other cost components for production**

Qingdao Wantai sources its raw materials from different suppliers in China.

**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**

The company can increase the capacity of the subject product if the need arises, i.e. increased customers' orders.

**e. Sales**

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

**f. Financial statements**

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

**g. Accounting principles and practice**

The company's financial statements are prepared in accordance with the Chinese Accounting System for Small Size 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 final determination, considered the sales of Qingdao Wantai to be in the ordinary course of trade.

#### **4.3.1 Calculation of normal value**

Qingdao Wantai did not have sales of the like product on the Chinese market during the period of investigation. The Commission made a final determination to use a constructed normal value based on cost of production, selling and general administration costs (SG&A), plus a reasonable profit margin, based on the company profit realized during the period of investigation.

##### **Comments by Qingdao Wantai to the Commission's "essential facts" letter**

In response to the Commission's "essential facts" letter, Qingdao Wantai stated that in terms of the International Trade Administration Act 2002, "normal value" is defined in section 32(2)(b)(i) and (ii) as:

- (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 country of origin when destined for 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 it is representative.

Qingdao Wantai also stated that it did not have domestic sales of the like product in the domestic market, but did sell like goods (same type of WB3800) to Angola and Namibia during the period of investigation.

It indicated further that the market situations of Angola and Namibia are very similar to SACU. Angola or Namibia can be chosen as the third country to determine the normal value for Qingdao Wantai. This is a more reasonable method to compare the export price and normal value. It pointed out that it proposed that the Commission use the export price to Angola or Namibia to determine the normal value for Qingdao Wantai.

**Comments by the Applicant to Qingdao Wantai's response to the Commission's essential facts letter**

The Applicant stated that it agreed with Qingdao Wantai that the trade and market conditions in Namibia would be similar to SACU, as Namibia is part of SACU. It further pointed out that the Chinese exports are also competing in Angola with Lasher exports, as well as the rest of the Southern African Developing Community ("SADC") market; therefore it can reasonably be expected that Qingdao Wantai is also dumping the subject product in Angola. The Applicant stated that the cost of production would be the first of the consecutive options to be used in accordance with Section 32(2)(B)(i) and (ii) of the ITA Act and that the Commission therefore has the right to use it to determine normal value. It stated that it was of the view that as Qingdao Wantai is also dumping the product in Angola, it is clear that the export price would also be below cost of production and this is the reason why Qingdao Wantai requested that exports to Angola be used to determine the normal value.

The Applicant requested the Commission not to accede to Qingdao Wantai's request of using Namibia and Angola as appropriate countries for determining normal value.

**Commission's consideration**

The provision of the ITA Act gives the Commission discretion on the method of calculation of the normal value in instances where there are no actual domestic sales of the subject product. The Commission can therefore use either representative sales to an appropriate third country or a constructed normal value. There were no representative sales to an appropriate third country in accordance with the Commission's criteria. The Commission made

a final determination to calculate the normal value based on the constructed normal value methodology.

#### **4.3.2 Export price**

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

##### **Adjustments to the export price**

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

##### **Delivery charges**

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

##### **Sea freight**

An adjustment was made for sea 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 Wantai.

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

##### **Bank fees**

An adjustment for bank fees was claimed by Qingdao Wantai.

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

#### **4.3.3 Dumping margin**

The dumping margin for Qingdao Wantai was calculated to be 39.32%.

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

##### **4.4.1 Normal Value**

The Commission decided that sales of the domestic product by Qingdao Youhe on the Chinese market provides a reasonable basis to calculate the normal value for all other manufacturers/exporters from China, since these were actual domestic sales.

##### **4.4.2 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 final determination to use verified export sales to SACU by both Qingdao Yongyi and Qingdao Youhe's in calculating the export price for the 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.

#### **4.4.3 Dumping margin**

The residual dumping margin was calculated to be 29.82%.

#### **4.5 CONCLUSION - DUMPING**

The Commission took all comments from interested parties into account. The Commission made a final determination that the subject product originating in or imported from China was being dumped into the SACU market with the following margins:

<b>Producer/manufacturer</b>	<b>Margin of dumping</b>
Qingdao Youhe Handtruck Co. Ltd	32.32%
Qingdao Wantai Special Handtruck Co. Ltd	39.92%
All exporters (excluding Qingdao Yongyi Metal Products Co. Ltd; Qingdao Youhe Handtruck Co. Ltd ; Qingdao Wantai Special Handtruck Co. Ltd)	29.82%



## **5. MATERIAL INJURY**

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### **5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION**

The following injury analysis relates to Lasher Tools that constitutes more than 90 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 report 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). It also includes a detailed trend analysis based on the 7 months data.

### **5.2 IMPORT VOLUMES AND EFFECT ON PRICES**

#### **5.2.1 Import volumes**

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

**Table 5.2.1(a)**

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

**Table 5.2.1(b)**

	July 2011 - Jan 2012	July 2012 - Jan 2013	July 2013 - Jan 2014
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%

The import data indicates that the volume of imports from China has increased over the investigation period.

## **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 using the verified information of the importers that responded in the investigation and adding customs duty and clearing costs of 15% and 8%.

### **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 be able to compete. It further stated that it is still losing 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 the Jul 2013/Jan 2014

figures. 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)**

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

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

**Table 5.2.2(c)**

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

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

From the table above it is evident that there was a clear price depression over the period July 2011 to June 2012 and a slight increase in the period July 2012 to June 2013. A price depression is also evident over the period July 2013 to Jan 2014.

### **Comments by Spar Group and Qingdao Youhe**

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

### **Comments by the Applicant to Spar Group and Qingdao Youhe's response**

In response to the above comments, the Applicant stated that its allegations that there was 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 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 cost increases (suppression) to allow it to sell its product, albeit at a lower 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 tables show the Applicant's average cost of production and its actual average selling prices for the subject product:

**Table 5.2.2(d)**

<b>Rand/Unit</b>	<b>July 2010 - June 2011</b>	<b>July 2011 - June 2012</b>	<b>July 2012 - June 2013</b>
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.**

**Table 5.2.2(e)**

<b>Rand/Unit</b>	<b>July 2011 – Jan 2012</b>	<b>July 2012 – Jan 2013</b>	<b>July 2013 – Jan 2014</b>
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	101	108

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

The tables above indicate that there was an increase in costs as a percentage of the selling price over the period July 2011 to January 2014.

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.

### **5.2.3 Consequent Impact of the dumped imports on the Industry**

#### **5.2.3.1 Actual and potential decline in sales**

The following tables show the Applicant's SACU sales volume of the subject product:

**Table 5.2.3.1(a)**

<b>Sales Volumes (units)</b>	<b>July 2010 - June 2011</b>	<b>July 2011 - June 2012</b>	<b>July 2012 - June 2013</b>
Applicant's sales volume	100	91	107

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 7 index points 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)**

<b>Sales Volumes (units)</b>	<b>July 2011 – Jan 2012</b>	<b>July 2012 – Jan 2013</b>	<b>July 2013 – Jan 2014</b>
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 and Qingdao Youhe**

Qingdao Youhe and Spar Group 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.

**Comments by the Applicant to Spar Group and Qingdao Youhe's response**

The Applicant pointed out that the assumption that there was an increase in Lasher's sales volumes and therefore 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.

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

### 5.2.3.2 Profit

The following tables show the Applicant's profit margins:

**Table 5.2.3.2(a)**

<b>Rands</b>	<b>July 2010 – June 2011</b>	<b>July 2011 – June 2012</b>	<b>July 2012 - June 2013</b>
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)**

<b>Rands</b>	<b>July 2011 – Jan 2012</b>	<b>July 2012 – Jan 2013</b>	<b>July 2013 – Jan 2014</b>
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	100	Negative	Negative

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

### **Comments by Spar Group and Qingdao Youhe**

Qingdao Youhe and Spar Group stated that Lasher's gross profit recovered substantially, by 33 index points since 2012. Consistent increases have also been recorded during the 7 monthly periods.

### **Comments by the Applicant to Spar Group and Qingdao Youhe's response**

In response to the above 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 tables outline the Applicant's domestic production volume of the subject product:

**Table 5.2.3.3 (a)**

<b>Units</b>	<b>July 2010 – June 2011</b>	<b>July 2011 – June 2012</b>	<b>July 2012 – June 2013</b>
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.**

**Table 5.2 3.3 (b)**

<b>Units</b>	<b>July 2011 – Jan 2012</b>	<b>July 2012 – Jan 2013</b>	<b>July 2013 – Jan 2014</b>
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.**

The Applicant stated that in order to maintain the economies of scale, it has decided not to cut back on its production volumes. It also stated that it



increased its production in order to try and secure export markets for excess products.

#### **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 7 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 were consistent increases during the 7 months periods, the Applicant stated that it was not cutting back on production volumes in a bid to maintain economies of scale to secure exports markets for excess products which could not 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 tables show the SACU market share for the subject product:

**Table 5.2.3.4 (a)**

<b>Units</b>	<b>July 2010 – June 2011</b>		<b>July 2011 – June 2012</b>		<b>July 2012 – June 2013</b>	
	<b>Units</b>	<b>%</b>	<b>Units</b>	<b>%</b>	<b>Units</b>	<b>%</b>
Applicant' sales volume	100	100	91	62	107	60
Other SACU manufacturers	100	100	100	68	100	56
<b>Total SACU market producers</b>	100	100	91	63	107	60
Dumped imports: China	165 410	100	430 560	178	540 710	184
Other imports	1 403	100	1 865	91	2 498	100
<b>Total imports</b>	166 813	100	432 425	177	543 208	60
<b>Total SACU market</b>	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 the SACU producers 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
<b>Total SACU producers</b>	100	100	111	92	130	99
Dumped imports: China	264 220	100	334 377	106	352 019	101
Other imports	1 795	100	1 595	74	811	34
<b>Total imports</b>	266 015	100	335 972	105	352 830	101
<b>Total SACU market</b>	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	111
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)**

<b>Units</b>	<b>July 2011 – Jan 2012</b>	<b>July 2012 – Jan 2013</b>	<b>July 2013 – Jan 2014</b>
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 (31 index 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 scale. It also pointed out that it is important to note that employment did not increase in line with production.

### **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 tables provide the Applicant's profit after interest and tax expressed as a percentage of its net asset value:

**Table 5.2.3.6(a)**

<b>Rands</b>	<b>July 2010 – June 2011</b>	<b>July 2011 – June 2012</b>	<b>July 2012 – June 2013</b>
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)**

<b>Rands</b>	<b>July 2011 – Jan 2012</b>	<b>July 2012 – Jan 2013</b>	<b>July 2013 – Jan 2014</b>
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 tables provide the Applicant's capacity and production for the subject product:

**Table 5.2.3.7(a)**

<b>Units</b>	<b>July 2010 – June 2011</b>	<b>July 2011 – June 2012</b>	<b>July 2012 – June 2013</b>
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.

**Table 5.2.3.7(b)**

<b>Units</b>	<b>July 2011 – Jan 2012</b>	<b>July 2012 – Jan 2013</b>	<b>July 2013 – Jan 2014</b>
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.

The above tables indicate that capacity utilisation increased. The Applicant stated that the increase was from a low base and remained over the periods 2011 to 2013 at unacceptably low levels.

#### **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 unacceptably 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**

It was found that the subject product was imported at dumped prices into the SACU during the investigation period at the following margins:

<b>Producer</b>	<b>Dumping margin as of export price</b>
Qingdao Yongyi Metal Products Co. Ltd	(2.57%)
Qingdao Wantai Special Handtruck Co. Ltd	39.92%
Qingdao Youhe Handtruck Co. Ltd	32.32%
All other exporters (excluding Qingdao Yongyi Metal Products Co. Ltd, Qingdao Youhe Handtruck Co. Ltd and Qingdao Wantai Special Handtruck Co. Ltd)	29.82%

### 5.2.3.10 Actual and potential negative effects on cash flow

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

**Table 5.2.3.10(a)**

<b>Rands</b>	<b>July 2010 – June 2011</b>	<b>July 2011 – June 2012</b>	<b>July 2012 – June 2013</b>
<b>Subject product</b>			
Cash flow: incoming	100	98	123
Cash flow: outgoing	100	103	119
Net cash flow	100	57	154
<b>Company</b>			
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.

**Table 5.2.3.10(b)**

<b>Rands</b>	<b>July 2011 – Jan 2012</b>	<b>July 2012 – Jan 2013</b>	<b>July 2013 – Jan 2014</b>
<b>Subject product</b>			
Cash flow: incoming	100	123	148
Cash flow: outgoing	100	111	135
Net cash flow	100	294	338
<b>Company</b>			
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.

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

### 5.2.3.11 Inventories

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

**Table 5.2.3.11(a)**

	<b>July 2010 – June 2011</b>	<b>July 2011 – June 2012</b>	<b>July 2012 – June 2013</b>
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.

**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.

The above tables indicate 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.

#### **5.2.3.12 Employment**

The following tables provide 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
<b>Total labour units: production</b>	<b>100</b>	<b>73</b>	<b>100</b>

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

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

**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
<b>Total labour units: production</b>	<b>100</b>	<b>88</b>	<b>119</b>

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

From the above table it is evident that employee numbers increased over the periods 2012 to 2014 but reduced in 2013.

### 5.2.3.13 Wages

The following tables provide the Applicant's wages paid:

**Table 5.2.3.13(a)**

<b>Rands</b>	<b>July 2010 – June 2011</b>	<b>July 2011 – June 2012</b>	<b>July 2012 – June 2013</b>
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.

**Table 5.2.3.13(b)**

<b>Rands</b>	<b>July 2011 – Jan 2012</b>	<b>July 2012 – Jan 2013</b>	<b>July 2013 – Jan 2014</b>
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.

Wages in the above tables indicate 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.

### 5.2.3.14 Growth

The following tables indicate the growth of the SACU market index as provided by the Applicant:

**Table 5.2.3.14(a)**

<b>Wheelbarrows</b>	<b>July 2010 -July 2011</b>	<b>July 2011 - June 2012</b>	<b>July 2012 - June 2013</b>
Size of the SACU market	100	146	178
Applicant's sales volume	100	91	107
Other SACU producers	100	100	100
Total SACU producers	100	91	107
Chinese Imports	100	260	327
Other imports	100	133	178
Total imports	100	259	326

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 during the period July 2011 to June 2012. Lasher stated that over the period 2011 to 2013 the growth was only 7 index points, while the SACU market had grown by 78 index points the same period. The imports from China over the period 2011 to 2013 realised growth of 227 index points.

**Table 5.2.3.14(b)**

<b>Wheelbarrows</b>	<b>July 2011- Jan 2012</b>	<b>July 2012- Jan 2013</b>	<b>July 2013- Jan 2014</b>
Size of the SACU market	100	120	131
Applicant's sales volume	100	111	131
Other SACU	100	100	100
Total SACU	100	111	130
Chinese Imports	100	127	133
Other imports	100	89	45
Total imports	100	126	133

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

It is clear from the above table that although the Applicant's sales volume increased over the period 2011/2012 to 2013/2014, growth of the SACU market was only 31 index points compared with growth in imports of 33 index points from China over the same period.

#### **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)**

<b>Rands</b>	<b>July 2010 – June 2011</b>	<b>July 2011 – June 2012</b>	<b>July 2012 – June 2013</b>
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)**

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

**Comments by the Applicant to the Commission's "essential facts" letter**

The Applicant stated that it is in agreement with the Commission's consideration to make a final determination that the SACU industry is suffering material injury.

**5.3 SUMMARY - MATERIAL INJURY**

The Commission noted that imports from China increased by 227 per cent from the 2010/2011 financial year to the 2012/2013 financial year. The Commission found that the Applicant is experiencing price undercutting from Chinese imports and is also experiencing price suppression. The Commission noted that the SACU market increased from the 2010/2011 financial year to the 2012/2013 financial year, whilst the Applicant's share of the market declined during this period.

The Commission therefore made a final determination that the SACU industry is experiencing material injury.

## **6. THREAT OF MATERIAL INJURY**

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### **6.1 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 oriented and can supply on demand.

### **6.2 Significant increase of alleged dumped imports**

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

**Table 6.1.2(a)**

	<b>2011</b>	<b>2012</b>	<b>2013</b>
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)**

	<b>July 2011 – Jan 2012</b>	<b>July 2012 – Jan 2013</b>	<b>July 2013 – Jan 2014</b>
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 now represents more than 50 per cent of the SACU market.

### **6.3 Prices of imports which will have a significant depressing effect on domestic prices**

The Applicant indicated that it has experienced price undercutting as a result of low-priced imports. 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.

### **6.4 Inventories of subject product**

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

### **6.5 State of the economy of the country of origin**

The Applicant indicated that China's economy since the 1970s has changed from a closed, centrally planned system to a more market-oriented one that plays a major role in the global economy - in 2010 China became the world's largest exporter. It also stated that reforms began with the phasing out of collectivized agriculture, and expanded to include the gradual liberalization of prices, fiscal decentralization, increased autonomy for state enterprises, creation of a diversified banking system, development of stock markets, rapid growth of the private sector, and opening up to foreign trade and investment. China generally has implemented reforms in a gradualist fashion. In recent years, China has renewed its support for state-owned enterprises in sectors it considers important to "economic security," explicitly looking to foster globally competitive national champions.

It further indicated that after keeping its currency tightly linked to the US dollar for years, in July 2005 China revalued its currency by 2.1% against the US dollar and moved to an exchange rate system that references a basket of currencies. From mid-2005 to late 2008 cumulative appreciation of the Renminbi against the US dollar was more than 20%, but the exchange rate remained virtually pegged to the dollar from the onset of the global financial crisis until June 2010, when Beijing allowed resumption of a

gradual appreciation. The restructuring of the economy and resulting efficiency gains have contributed to a more than tenfold increase in GDP since 1978. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2010 stood as the second-largest economy in the world after the US, although in per capita terms the country is still lower middle-income. The dollar values of China's agricultural and industrial output each exceeded those of the US, although China was second to the US in the value of services it produced. The Chinese government faces numerous economic development challenges, including: (a) reducing its high domestic savings rate and correspondingly low domestic demand; (b) sustaining adequate job growth for tens of millions of migrants and new entrants to the work force; (c) reducing corruption and other economic crimes; and (d) containing environmental damage and social strife related to the economy's rapid transformation.

Economic development has progressed further in coastal provinces than in the interior, and approximately 200 million rural workers and their dependents have relocated to urban areas to find work.

The Chinese government is seeking to add energy production capacity from sources other than coal and oil, focusing on nuclear and alternative energy development. In 2010-11, China faced high inflation resulting largely from its credit-fueled stimulus program. Some tightening measures appear to have controlled inflation, but GDP growth consequently slowed to lower than 8% in 2012. An economic slowdown in Europe contributed to China's lower growth and is expected to further drag Chinese growth in 2013. Debt overhang from the stimulus program, particularly among local governments, and a property price bubble challenge policy makers currently. The government's 12th Five-Year Plan, adopted in March 2011, emphasizes continued economic reforms and the need to increase domestic consumption in order to make the economy less dependent on exports in the future. However, China has made only marginal progress toward these rebalancing goals.

## **6.6 SUMMARY ON THREAT OF MATERIAL INJURY**

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

## **7. CAUSAL LINK**

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### **7.1 GENERAL**

In order for the Commission to impose definitive anti-dumping duties, 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 tables show the market share of the SACU product compared to the dumped imports:

**Table 7.2.1 (a): Market share**

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

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

The information in the table above indicates that the market share of the Applicant decreased over the period 2010/2011 to 2012/2013, with a corresponding increase in the share of the dumped imports over the same period.

**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
Dumped imports	100	106	101

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

From the above table it is evident that the Applicant's share of the market decreased over the period 2012/2013. There was also an increase in the dumped imports from China over the same period.

The following tables show the volume of imports:

**Table 7.2.2 (a): Import volumes**

Units	Jul 2010 – June 2011	Jul 2011 – June 2012	July 2012 – June 13
Dumped imports	165 410	430 560	540 710
Other imports	1 403	1 865	2 498
Total imports	166 813	432 425	543 208
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
Dumped imports	264 220	334 377	352 019
Other imports	1 795	1 595	811
Total imports	266 015	335 972	352 830
Dumped imports as % of total imports	99%	99%	99%

The information above indicates that the dumped imports increased over the period 2010/2011 to 2012/2013. There was also a corresponding increase in imports over the comparable 7 month 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 raised 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 on 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 it denies all the allegations. It stated that Carrim used to have an account with Lasher but that it 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 resulting that wheelbarrow imports originating from China represent close to 100 percent of the import market.

**Comments by Ezamvelo**

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

**Comments by the Applicant to Ezamvelo's response**

Applicant stated that this is a malicious statement by Ezamvelo. 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, Lasher is not the only manufacturer of wheelbarrows in SACU, although one manufacturer already closed down as a result of the imports, the other manufacturer is 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 by 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 African environment. That is why they last 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 the comments are 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 are 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 that unsubstantiated allegations are made relating to the costs allegedly incurred by the importers which should be disregarded.

### 7.3 EFFECT OF DUMPED IMPORTS ON PRICES

The following tables show 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

	<b>Analysis (July 2010 – June 2013)</b>	<b>Analysis (July 2013 – January 2014)</b>
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 dumped 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			
	2011	2012	2013	% change June 2011 – June 2013
Prices of imports not sold at dumped prices (R/unit)	224	85	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 (Size of the SACU market)	100	146	178	78%

### **7.5.2 Changes in the patterns of consumption**

The Applicant stated that there is no contraction in demand or any changes in pattern of consumption 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 foreign 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**

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

## 8. SUMMARY OF FINDINGS

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### 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**

<b>Tariff sub-heading</b>	<b>Country/manufacturer</b>	<b>Amount of provisional payment</b>
8716.80.10	Produced by Qingdao Youhe Handtruck Co. Ltd	32.32%
	Produced by Qingdao Wantai Special Handtruck Co. Ltd	39.92%
	All exporters (excluding Qingdao Yongyi Metal Products Co. Ltd; Qingdao Youhe Handtruck Co. Ltd ; Qingdao Wantai Special Handtruck Co. Ltd)	29.82%

### 8.2 Material Injury and a threat of material injury

The Commission noted that imports from China increased by 227 per cent from the 2010/2011 financial year to the 2012/2013 financial year. The Commission found that the Applicant is experiencing price undercutting from Chinese imports and is also experiencing price suppression. The Commission noted that the SACU market increased from the 2010/2011 financial year to the 2012/2013 financial year, whilst the Applicant's share of the market declined during this period.

The Commission therefore made a final determination that the SACU industry is experiencing material injury.

The Commission further made a final determination that a threat of material injury exists.

### **8.3 Causal Link**

The Commission found that a causal link exists between the dumping, and the material injury and threat of material injury experienced by the SACU industry.



## **9. FINAL ANTI-DUMPING DUTIES**

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### **9.1 Calculation of duty**

The Commission found that all requirements for the imposition of final anti-dumping duties 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 margin (expressed as a percentage of the f.o.b. export price) and the dumping margin 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 HandTruck Co. Ltd	32.32%	99.59%

### **9.3 Amount of final anti-dumping duties**

The amounts of final anti-dumping duties were concluded to be the following:

**Table 9.3: Final anti-dumping duties**

<b>Tariff sub-heading</b>	<b>Country/manufacturer</b>	<b>Amount of duty</b>
8716.80.10	China: Produced by Qingdao Youhe HandTruck Co. Ltd	32.32%
	China: Qingdao Wantai Special HandTruck Co. Ltd	39.92%
	All other exporters (China: excluding Qingdao Yongyi Metal Products Co. Ltd, Qingdao Youhe Handtruck Co. Ltd, Qingdao Wantai Special HandTruck Co. Ltd)	29.82%

## 10. DETERMINATION AND RECOMMENDATION

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The Commission made a final determination that:

- Dumping of the subject product originating in or imported from China (excluding those manufactured by Qingdao Yongyi Metal Products Co. Ltd) is taking place;
- The SACU industry is experiencing material injury and a threat of material injury; and
- There is a causal link between the dumping of the subject product originating in or imported from China and the material injury and threat of injury experienced by the SACU industry.

The Commission made a final determination to recommend to the Minister of Trade and Industry to impose the following final anti-dumping duties on wheelbarrows originating in or imported from China, classifiable under tariff sub-heading 8716.80.10:

Producer/manufacturer	Rate of duty
Qingdao Youhe Handtruck Co. Ltd	32.32%
Qingdao Wantai Special Handtruck Co. Ltd	39.92%
All exporters (excluding Qingdao Yongyi Metal Products Co. Ltd; Qingdao Youhe Handtruck Co. Ltd; Qingdao Wantai Special Handtruck Co. Ltd)	29.82%