

REPORT NO. 624

**SUNSET REVIEW INVESTIGATION OF THE ANTI-DUMPING DUTIES ON
GYPSUM PLASTERBOARD ORIGINATING IN OR IMPORTED FROM THAILAND
AND INDONESIA: FINAL DETERMINATION**

The International Trade Administration Commission of South Africa herewith presents
its **Report No. 624: SUNSET REVIEW INVESTIGATION OF THE ANTI-DUMPING
DUTIES ON GYPSUM PLASTERBOARD ORIGINATING IN OR IMPORTED FROM
THAILAND AND INDONESIA: FINAL DETERMINATION**



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INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

SUNSET REVIEW INVESTIGATION OF THE ANTI-DUMPING DUTIES ON GYPSUM PLASTERBOARD ORIGINATING IN OR IMPORTED FROM THAILAND AND INDONESIA: FINAL DETERMINATION

SYNOPSIS

On 8 June 2018, the International Trade Administration Commission of South Africa (the Commission) notified interested parties through Notice No. 326 of 2018 in *Government Gazette* No. 41685, that unless a substantiated request is made indicating that the expiry of the anti-dumping duties on boards, sheets, panels, tiles and similar articles of plaster or of compositions based on plaster, not ornamented, faced or reinforced with paper or paperboard only, not ornamented (gypsum plasterboard) originating in or imported from Thailand and Indonesia would likely lead to the continuation or recurrence of dumping and injury, the anti-dumping duties on gypsum plasterboard originating in or imported from Thailand and Indonesia will expire on 31 July 2019.

A detailed response to the Commission's sunset review questionnaire was received from Saint Gobain Constructions Product SA (Pty) Ltd (the Applicant), on 11 April 2019. After all deficiencies were identified and addressed, an updated final application was received on 5 July 2019. The information submitted by the Applicant was verified on 11 July 2019.

On 26 July 2019, the Commission initiated a sunset review investigation of the anti-dumping duties on gypsum plasterboard originating in or imported from Thailand and Indonesia pursuant to Notice No. 395 of 2019, in *Government Gazette* No. 42593. The deadline for comments was 4 September 2019.

The investigation was initiated after the Commission considered that the expiry of the anti-dumping duties on gypsum plasterboard originating in or imported from Thailand and Indonesia would likely lead to the continuation or recurrence of dumping and the

recurrence of material injury. Subsequent to the initiation of the investigation, all known producers/exporters of the subject product in Thailand and Indonesia were sent foreign manufacturers/exporters questionnaires to complete. The importers of the subject product were also sent a questionnaires to complete. No properly documented responses were received from any exporter/manufacture in Thailand.

Responses to the Commission's exporter's questionnaire were received from two exporters/manufactures in Indonesia, namely PT. Siam-Indo Gypsum Industry and PT Aplus Pacific. The questionnaire response by Siam-Indo Gypsum Industry was accepted as properly documented by the Commission for purposes of its final determination. However, the questionnaire response by PT Aplus Pacific was regarded as deficient, as the deficient response was received 10 days after the Commission's deadline.

The information submitted by PT. Siam-Indo Gypsum Industry was verified on 6 to 7 November 2019 and the verified information was taken into consideration by the Commission for purposes of its final determination.

On 24 January 2020, the Commission sent out "Essential facts" letters to all interested parties. The deadline for comments was 7 February 2020.

On 31 January 2020, a response to the Commission's "Essential facts" letter was received from PT. Siam-Indo Gypsum Industry and on 7 February 2020, a response was received from the Government of Indonesia.

After considering all parties' comments, the Commission made a final determination that the expiry of the anti-dumping duties on gypsum plasterboard originating in or imported from Thailand and Indonesia (excluding that manufactured by PT. Siam-Indo Gypsum Industry) would likely lead to the continuation or recurrence of dumping and the recurrence of material injury.

The Commission made a final determination to recommend to the Minister of Trade and Industry that the current anti-dumping duties on gypsum plasterboard originating in or

imported from Thailand and Indonesia (excluding that manufactured by PT. Siam-Indo Gypsum Industry) be maintained.

1. APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

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

1.2 APPLICANT

The application was lodged by Saint Gobain Constructions Product SA (Pty) Ltd, being the major producer of the subject product in the SACU.

1.3 INVESTIGATION PROCESS

On 8 June 2018, the International Trade Administration Commission of South Africa (the Commission) notified interested parties through Notice No. 326 of 2018 in *Government Gazette* No. 41685, that unless a substantiated request is made indicating that the expiry of the anti-dumping duties against imports of gypsum plasterboard originating in or imported from Thailand and Indonesia would likely lead to the continuation or recurrence of dumping and injury, the anti-dumping duties on gypsum plasterboard originating in or imported from the Thailand and Indonesia will expire on 31 July 2019.

On 11 April 2019 a detailed response to the Commission's sunset review questionnaire was received from the Applicant. After all deficiencies were identified and addressed, an updated final application was received on 5 July 2019. The information submitted by the Applicant was verified on 11 July 2019. A verification report was sent to the Applicant on 15 July 2019.

Notice of initiation of the investigation was published in the *Government Gazette* on 26 July 2019, and the deadline for comments was 4 September 2019. Responses to the Commission's exporter's questionnaire were received from two exporters/manufactures in Indonesia, namely PT. Siam-Indo Gypsum

Industry and PT Aplus Pacific. The questionnaire response by Siam-Indo Gypsum Industry was accepted as properly documented by the Commission for purposes of its final determination. However, the questionnaire response by PT Aplus Pacific was regarded as deficient, as the deficient response was received 10 days after the Commission's deadline.

The Commission made a final determination before "essential facts" that it was considering that the expiry of the anti-dumping duties on the subject product originating in or imported from Thailand and Indonesia (excluding that manufactured by PT. Siam-Indo Gypsum Industry) would likely lead to the continuation and recurrence of dumping; and the recurrence of material injury.

Essential facts letters were sent to all interested parties, informing them of "essential facts" which were being considered by the Commission, and inviting interested parties to comment. Responses to the essential facts letters were received from PT. Siam-Indo Gypsum Industry and the Government of Indonesia.

1.4 INVESTIGATION PERIOD

The investigation period for dumping was from 1 January 2018 to 31 December 2018, and the injury investigation involved evaluation of data for the period of 1 January 2016 to 31 December 2018, as well as an estimate should the duties expire.

1.5 PARTIES CONCERNED

1.5.1 SACU industry

The application was lodged by Saint Gobain Constructions Product SA (Pty) Ltd, being the major producer of the subject product in the SACU.

The Commission made a final determination that the application can be regarded as being made "by or on behalf of the domestic industry" under the provisions of the Anti-Dumping Regulations.

1.5.2 Foreign Manufacturers/Exporters

Responses to the Commission's exporters questionnaire were received from two exporters/manufactures in Indonesia, namely PT. Siam-Indo Gypsum Industry and PT Aplus Pacific. The questionnaire response by Siam-Indo Gypsum Industry was accepted as properly documented by the Commission for purposes of its final determination. However, the questionnaire response by PT Aplus Pacific was regarded as deficient, as the deficient response was received 10 days after the Commission's deadline.

1.5.3 Importers

No properly documented responses were received from any SACU importer identified as an interested party in the investigation.

1.6 Comments

The Commission considered all comments received from interested parties with regard to the application and procedure. Non-confidential versions of these comments are available in the public file. It should be noted that this report does not purport to present each and every comment 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.

1.7 Final determination

After considering all the information available, the Commission issued "essential facts" letters advising that it was considering making a final determination that the expiry of the anti-dumping duties on gypsum plasterboard originating in or imported from Thailand and Indonesia (excluding that manufactured by PT. Siam-Indo Gypsum Industry) would likely lead to the continuation or recurrence of dumping; and the recurrence of material injury.

Responses to the Commission's essential facts letters were received from PT Siam-Indo Gypsum Industry and the Government of Indonesia.

Taking all comments received into account, the Commission made a final determination that the expiry of the anti-dumping duties on the subject product originating in or imported from Thailand and Indonesia (excluding that manufactured by PT. Siam-Indo Gypsum Industry) would likely lead to the continuation and recurrence of dumping; and the recurrence of material injury.

The Commission therefore made a final determination to recommend to the Minister of Trade and Industry that the current anti-dumping duties on boards, sheets, panels, tiles and similar articles of plaster or of compositions based on plaster, not ornamented, faced or reinforced with paper or paperboard only, not ornamented originating in or imported from Thailand and Indonesia (excluding that manufactured by PT. Siam-Indo Gypsum Industry) be maintained.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 Product

2.1.1 Description

The subject product is boards, sheets, panels, tiles and similar articles of plaster or of compositions based on plaster, not ornamented, faced or reinforced with paper or paperboard only, not ornamented referred to as “gypsum plasterboard.”

2.1.2 Like product

In the original investigation the Commission found that the SACU product and the imported product are “like products” for purposes of comparison in terms of Article 2.6 of the Anti-dumping Agreement.

2.1.3 Tariff classification

The subject product is classifiable as follows:

Table 2.1.3: Tariff classification

Tariff subheading	Article Description	Statistical Unit	Rate of duty			
			General	EU	EFTA	SADC
68.09	Articles of plaster or of compositions based on plaster:					
6809.1	Boards, sheets, panels, tiles and similar articles, not ornamented:					
6809.11	Faced or reinforced with paper or paperboard only	Kg	15%	Free	1.9%	Free

2.1.4 Other applicable duties

The subject product attracts the following anti-dumping duties:

Table 2.1.4: Applicable duties

Item	Tariff Heading	Code	Description	Imported from or originating in	Rate of anti-dumping duty
	ARTICLES OF STONE, PLASTER, CEMENT, ASBESTOS, MICA OR SIMILAR MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE				
213.02	ARTICLES OF PLASTER OR OF COMPOSITIONS BASED ON PLASTER				
213.02	6809.11	05.06	Boards, sheets, panels, tiles and similar articles of plaster or of compositions based on plaster, faced or reinforced with paper or paperboard only, not ornamented	Thailand	45%
213.02	6809.11	06.06	Boards, sheets, panels, tiles and similar articles of plaster or of compositions based on plaster, faced or reinforced with paper or paperboard only, not ornamented	Indonesia	34.6%

3. INDUSTRY STANDING

Saint Gobain Constructions Products SA (Pty) Ltd is the major producer of the subject product in the SACU and is supported by Marley Building Systems, the other producer of the subject product in the SACU.

The Commission made a final determination that the application can be regarded as being made "by or on behalf of the domestic industry" in terms of Section 7 of the Anti-Dumping Regulations.

4. CONTINUATION OR RECURRENCE OF DUMPING

The margin of dumping is calculated by subtracting the export price from the normal value of the product (after all adjustments have been made). The margin is then expressed as a percentage of the f.o.b. export price. If the margin is less than two percent, it is regarded as de minimis in terms of ADR 12.3 and no anti-dumping duty will be imposed.

4.1 METHODOLOGY FOR ALL MANUFACTURERS/EXPORTERS FROM THAILAND

4.1.1 Normal Value

As there were no properly documented responses received from any exporter/manufacturer in Thailand, the Commission made a final determination to use the best information available, being that provided by the Applicant.

The domestic selling prices in Thailand were obtained through the Applicant's sister company which is also active in the Thailand market.

Adjustments to the normal value

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

4.1.2 Export Price

As there were no properly documented responses received from any exporter/manufacturer in Thailand, the Commission made a final determination to use the best information available, being that provided by the Applicant.

In the absence of imports from Thailand to SACU during the period of investigation, Kenya was nominated for purposes of export price determination. The Commission noted that Kenya has a manufacturing industry and the customers in Kenya are comparable to the SACU customers.

The Commission therefore accepted Kenya as a third country for determination of export price for purposes of its final determination.

Adjustments to the export price

The Commission made a final determination to allow an adjustment for transfer (mark-up) to the export price as it was demonstrated to have affected the price comparability at the time of setting the prices.

4.1.3 Margin of Dumping

The dumping margin was calculated to be 67%.

Based on the above information, the Commission made a final determination that the expiry of the duty would likely lead to the continuation or recurrence of dumping of the subject product originating in or imported from Thailand.

4.2 METHODOLOGY FOR ALL MANUFACTURERS/EXPORTERS FROM INDONESIA

4.2.1 Normal Value: PT. Siam-Indo Gypsum Industry (Siam-Indo)

The Commission accepted the information submitted by PT. Siam-Indo in its response to the Commission's exporter's questionnaire for purposes of its final determination.

Adjustments to the normal value

The following adjustments were claimed by PT. Siam-Indo to arrive at the ex-factory normal value:

(a) Cost of payment terms

PT. Siam-Indo indicated the payment days used to calculate the cost of payment terms is based on the number of days from the invoice date to the

receipt of payment. PT. Siam-Indo further indicated that certain number of days are the standard domestic terms of payment to their customers. PT. Siam-Indo also indicated that the interest rate applied in the calculation of the cost of payment terms is determined based on the prevailing commercial rate.

Commission's consideration

The payment terms used by PT. Siam-Indo to calculate this adjustment were provided. The number of days are reflected on the contract between the exporter and the customer indicating the number of days it will take before the customer makes a payment. This was provided by the exporter during verification.

The Commission made a final determination to allow the cost of payments terms adjustment as information was provided to indicate that the exporter, at the time of setting the price, took into account how long it would take to receive payment.

(b) Discount and rebate

PT. Siam-Indo indicated that it gives cashback discount to customers that achieve volume targets, which are set at the beginning of the financial year.

Commission's consideration

These cash back discounts are done on a transaction basis and are set at the beginning of the financial year. The cash back discounts therefore did affect the setting of the price as at the time of setting the price it is known if the customer will meet the requirements to qualify for such discount.

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

(c) Delivery charge

PT. Siam-Indo indicated that this is a local delivery charge from the plant to the customers in Indonesia. The delivery cost on each of the sales was provided. The delivery cost was calculated and found to be correct.

Commission's consideration

PT. Siam-Indo charges and delivers to its customers from plant to domestic customers' destination. A proof was provided and verified.

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

(d) Packaging cost

PT. Siam-Indo indicated that packaging costs are incurred only for the domestic sales. It further indicated that domestic sales are palletized, wrapped and placed on trucks for delivery.

Commission's consideration

PT. Siam adjusts for packaging costs for its domestic customers only. This was verifiable and found to be correct.

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

(e) Royalty charges

PT. Siam-Indo indicated that it has a royalty agreement with Siam Gypsum Industry (Saraburi) Co Ltd for the use of Elephant brand for domestic market. It further indicated that since the Elephant brand is on the domestic market, the cost of the agreement is allocated to domestic sales of the Elephant brand at a certain percentage of total net sale. These charges were verified and found to be correct.

Commission's consideration

There is a royalty agreement between PT. Siam-Indo and Siam Gypsum Industry (Saraburi) Co Ltd for the branding of domestic market products. The royalty charges therefore did affect the setting of the price as at the time of setting the price it is not known that the domestic product will carry such a brand.

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

(f) Sales promotion and advertising

PT. Siam-Indo indicated that sales promotion and advertising is identified in the income statement and it is specific to domestic sales, as the company does not have any sales promotion for export markets. This consist of shopping voucher, gold bar, T-shirt and other items and activities which are then allocated by quantity sold on the domestic market and promotion for main product which is board.

Commission's consideration

Sales, promotion and advertising are part of the selling, general and administrative expenses. It could not be established that this related only to domestic sales. It was established that this adjustment did not affect the setting of the prices.

The Commission made a final determination not to allow the sales promotion and advertising adjustment as it was not demonstrated to have affected the price comparability at the time of the setting of the prices.

(g) Salaries and Wages

PT. Siam-Indo claimed an adjustment for salaries and wages as there are personnel employed specifically for domestic sales and export transactions.

Commission's consideration

In any business environment salaries and wages are part of operating costs and that is one of the item lines under cost build-up. It could not be established that there were certain salaries and wages specific to domestic sales.

The Commission made a final determination not to allow the salaries and wages adjustment as it was not demonstrated to have affected the price comparability at the time of the setting of the prices.

(h) Transport for Salesman

PT. Siam-Indo indicated that transport for salesman is based on the car fleet provided to the domestic sales staff.

Commission's consideration

It could not be established that the cost of transport for salesman was known at the time of setting the prices.

The Commission made a final determination not to allow the above adjustment as it was not demonstrated to have affected the price comparability at the time of the setting of the prices.

(i) Travelling for Salesman

PT. Siam-Indo indicated that this consist of domestic flight expenses, hotel allowance and other expenses incurred during travelling. PT. Siam-Indo further indicated that the calculation of this adjustment is as follows: total volume of the subject product divide by the total of all products multiply by the total travelling for salesman expenses for all products.

Commission's consideration

It could not be established that the cost for travelling for salesmen were known at the time of setting the prices.

The Commission made a final determination not to allow the above adjustment as it was not demonstrated to have affected the price comparability at the time of the setting of the prices.

(j) Rental warehouse

PT. Siam-Indo indicated that it covers the expenses of warehouse in Indonesia in order to ensure that there is reliability and timely supply. PT. Siam-Indo further indicated that this is based on delivery to distributor warehouses.

Commission's consideration

It could not be established that the warehouse was only used for domestic sales.

The Commission made a final determination not to allow the above adjustment, as is it was not demonstrated to have affected price comparability at the time of setting the prices.

(k) Stock carrying

PT. Siam-Indo indicated that it charges for expenses that were incurred in the warehouse from the raw material point until the finished goods sold. It further indicated that this is adjusted by calculating the sales volume in square metres and multiplying by rental price (Rupiah) per square metre.

Commission's consideration

The movement of stock from raw material point to the warehouse up to finished goods cannot be adjusted because the quantity of stock is not known at the time of setting of the prices. The Commission could not verify the cost to this adjustment.

The Commission made a final determination not to allow the above adjustment as it was not demonstrated to have affected the price comparability at the time of the setting of the prices.

4.2.2 Export price

The Commission accepted the information submitted by PT. Siam-Indo in its response to the Commission's questionnaire for purposes of its final determination.

In the absence of imports from Indonesia to SACU during the period of investigation, Philippines is one of the countries which PT. Siam-Indo exported to and it was nominated as the third country for purposes of export price determination. The Commission noted that Philippines has a manufacturing industry and the customers in Philippines are comparable to the SACU customers.

The Commission therefore made a final determination to accept Philippines as a third country for determination of export price for purposes of its final determination.

Adjustments to the export price

The following adjustments to the export price were claimed by the exporter and verified:

(a) Delivery charges

PT. Siam-Indo indicated that delivery charge for export market consists of:

- Delivery charge from the plant to the Indonesia port;
- Trucking, handling and custom administration at port;
- Terminal and handling charge at port and administration fee for issuing BL by shipping line; and
- Legalize export certificate fee.

Commission's consideration

The Commission considered that these costs were verified and found to be correct.

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

(b) Salaries and Wages

PT. Siam-Indo indicated that it claimed adjustment for salaries and wages as there are personnel employed specifically for domestic sales and export transactions.

Commission's consideration

In any business environment salaries and wages are part of operating costs and that is one of the item lines under cost build-up. It could not be established that there were certain salaries and wages specific to export sales.

The Commission made a final determination not to allow the salaries and wages adjustment as it was not demonstrated to have affected the price comparability at the time of the setting of the prices.

(c) Stock carrying

PT. Siam-Indo indicated that it charges for expenses that were incurred in the warehouse from the raw material point until the finished goods sold. It further indicated that this is adjusted by calculating the sales volume in square metres and multiplying by the rental price (Rupiah) per square metre.

Commission's consideration

The movement of stock from raw material point to the warehouse up to finished goods cannot be adjusted because the quantity of stock is not known during the setting of prices. The Commission could not verify the cost to this adjustment.

The Commission made a final determination not to allow the above adjustment as it was not demonstrated to have affected the price comparability at the time of the setting of the prices.

4.2.3 Margin of Dumping

The dumping margin calculated for each subject product was weighted with the export volumes to determine a weighted average dumping margin. A weighted average dumping margin of -2.7% was calculated for PT. Siam-Indo.

Comment by PT Siam-Indo to Commission's essential facts letter

In response to the Commission's essential facts letter, PT Siam-Indo stated that it has maintained throughout the proceedings that its policy is not to dump on export markets and it does not necessarily agree with the consideration being given to rejecting a number of adjustments to the normal value. It further stated that it however respects and understands the reasoning provided by the Commission in the essential facts letter.

Commission's consideration

The Commission verified information submitted by PT. Siam-Indo and found that it did not dump the subject product during the period of investigation and its dumping margin was -2.7%. The Commission is of the view that adjustments amongst other are allowable if it can be established that the adjustment affected the setting of the price as at the time of setting the price.

Based on the above information, the Commission made a final determination that the expiry of the duty would likely lead to the continuation or recurrence of dumping of the subject product originating in or imported from Indonesia (excluding that manufactured by PT. Siam-Indo Gypsum Industry).

4.3 FINAL DETERMINATION: DUMPING

The Commission made a final determination that the expiry of the duty would likely lead to the continuation or recurrence of dumping of the subject product originating in or imported from Thailand and Indonesia (excluding that manufactured by PT. Siam-Indo Gypsum Industry).

5. CONTINUATION OR RECURRENCE OF MATERIAL INJURY

5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The following injury analysis relates to Saint Gobain Constructions Products SA (Pty) Ltd being the major producer of the subject product in the SACU. The Commission decided that this constitutes “a major proportion” of the total domestic production, in accordance with the Anti-Dumping Regulations.

5.2 IMPORT VOLUMES AND THE EFFECT ON PRICES

5.2.1 Import volumes

The following table shows the volume of allegedly dumped imports of the subject product obtained from SARS:

Table 5.2.1: Import volumes: Gypsum plasterboards

Country	2016	2017	2018	Jan-March 2019	Estimate if duties expire
Alleged dumped Imports (kg):					
Indonesia					13 144 184
Thailand					10 754 336
Other Imports (kg)	16 515 170	27 634 535	25 729 936	1 259 856	24 470 080
Total Imports	16 515 170	27 634 535	25 729 936	1 259 856	48 368 600

There were no imports during the period of investigation from Thailand and Indonesia. This is mainly because of the anti-dumping duties being effective. The Applicant stated that if the anti-dumping duties are revoked imports of the subject product from Thailand and Indonesia will flood the SACU market at dumped prices.

5.2.2 Effect on Domestic Prices

5.2.2.1 Price undercutting

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

Table 5.2.2.1: Price undercutting

(R/m ²)	2016	2017	2018	Estimate if duties expire
Ex-Factory Selling Price				
9mm	100	107	101	108
12mm	100	107	107	115
Landed cost of imports from:				
Indonesia				
9mm	100	137	125	133
12mm	100	140	140	150
Thailand				
9mm	100	141	129	138
12mm	100	138	138	147
Undercutting per unit				
Indonesia				
9mm	Negative	Negative	Negative	Negative
12mm	Negative	Negative	Negative	Negative
Thailand				
9mm	Negative	Negative	Negative	Negative
12mm	Negative	Negative	Negative	Negative
Undercutting %				
Indonesia				
9mm	Negative	Negative	Negative	Negative
12mm	Negative	Negative	Negative	Negative
Thailand				
9mm	Negative	Negative	Negative	Negative
12mm	Negative	Negative	Negative	Negative

Table Indexed due to confidentiality using 2016 as base year

The Applicant stated that foreign products are priced lower than local products. This is definitely going to take the market share from local producers and affect profits. It should also be noted that as there were no imports to SACU during the period of investigation, the calculated landed cost was determined using Kenya and the Philippines as nominated third countries as there were no imports from Thailand and Indonesia.

Commission's consideration

The above table shows that the Applicant will continue to experience price

undercutting on the subject product should the duties expire.

5.2.2.2 Price depression

The table below shows the Applicant's domestic selling price for the injury period beginning 01 January 2016 to 31 December 2018, and an estimate in the event of the duties expiring:

Table 5.2.2.2: Price depression

R/m ²	2016	2017	2018	Estimate if duties expire
Ex-factory price				
9mm	100	107	100	103
12mm	100	108	107	110

Table Indexed due to confidentiality using 2016 as base year

The above table indicates that the Applicant did not experience price depression from 2016 to 2018, as result of the anti-dumping duties that are in place. However, the Applicant indicated that if the duty expires it will not be able to compete with imports originating from Indonesia and Thailand. The Applicant further indicated that it would have to reduce its pricing significantly to remain competitive but this will not be feasible given the inflationary impact on pricing and the price of importing raw materials from Asia and Europe. The Applicant also indicated that this would inevitably lead to the low priced imports taking over the market significantly.

The Applicant has based its estimate on experience taking into consideration prevailing market conditions in the SACU and previous experience on the impact of dumped imports from Indonesia and Thailand.

5.2.2.3 Price suppression

The following table shows the Applicant's costs of production and its selling prices for the subject product for the years 2016 to 2018, and an estimate in the event the duties expire:

Table 5.2.2.3: Price suppression

	2016	2017	2018	Estimate if the duties expire
Applicant's ex-factory price per unit: Average given	100	108	104	106
Applicant's production cost per m ²	100	75	77	81
Applicant's gross profit per m ²	100	24	18	16
Applicant's gross profit %	100	22	17	15
Applicant's production cost as a % of selling price	100	70	73	76

Table Indexed due to confidentiality using 2016 as base year

The Applicant has based its estimate on experience taking into consideration prevailing market conditions in the SACU and previous experience on the impact of dumped imports from Indonesia and Thailand.

The Applicant estimated that the profit made per product will fall as cost of production per unit would be high against the price it would have to charge to still have a share in the market, yet keeping its business afloat.

The Applicant stated that the impact of inflation on local costs will drive its cost of production up however, the risk of anti-dumping duty expiring would be the volume sold and profits being cannibalized by the imports added onto the market. This will more than likely force its company to shrink.

5.2.3 Economic factors and indices having a bearing on the state of the Industry

5.2.3.1 Actual and potential decline in volumes

The following table shows the Applicant's sales volume of gypsum plasterboard in 2016 to 2018, and an estimate in the event the duties expire:

Table 5.2.3.1 (a): Sales volume

Volume - m ²	2016	2017	2018	Estimate if duties expire
Applicant Sales Volume	100	94	95	87
Estimated Sales by other SACU producers – Marley*	100	94	95	77

Table Indexed due to confidentiality using 2016 as base year

*The Applicant Indicated that Marley Building Systems volumes are estimated, backed by the production facility capacity against their own, as well as customer base representation.

Table 5.2.3.1 (b): Sales value

Description Value Rand	2016	2017	2018	Estimate if duties expire
Applicant Sales In SACU (Rand)	100	94	98	90
Estimated Sales by other SACU producers (Rand)- Marley*	100	94	98	89

Table Indexed due to confidentiality using 2016 as base year

*The Applicant Indicated that Marley Building Systems volumes are estimated, backed by the production facility capacity against their own, as well as customer base representation

The Applicant based its estimate on experience taking into consideration prevailing market conditions in the SACU and previous experience on the impact of dumped imports from Indonesia and Thailand.

The Applicant stated that it anticipates that a reintroduction of Indonesia and Thailand products into the SACU market will result in decrease in its market share due to the similar level of price points versus current products. It further stated that this would result in a reduction of its sales.

The Applicant stated that since there have been anti-dumping duties in place, the SACU industry producers have enjoyed a sizeable share of the market, with lesser percentage going to imports. If the duties expire, the Applicant anticipates a drop in the market share for domestic producers and this will drop its sales volumes and values. The Applicant also stated that the above assessment is only over a one-year period but each year the imported volumes are bound to increase which poses a continued threat towards SACU manufacturers. The material injury would, according to the Applicant result in the closure of production facilities and that will result in job losses in the domestic manufacturing sector.

Commission's consideration

The Applicant's sales volume and value for the subject product decreased during the period of investigation. From the tables above it is clear that should the anti-dumping duties expire, the Applicant's sales volume and value will decrease significantly.

5.2.3.2 Profit

The following table shows the Applicant's profit before interest and tax for the years 2016 to 2018 and an estimate in the event the duties expire:

Table 5.2.3.2: Profit

Volume - m²	2016	2017	2018	Estimate If duties Expire
Units sold m ²	100	94	95	87
Applicant Total Gross Profit (Rand)	100	94	73	56
Applicant Total Net Profit (Rand)	100	56	25	22

Table Indexed due to confidentiality using 2016 as base year

The above table indicates a decrease in Applicant's profit level from 2016 to 2018. The Applicant stated that it anticipates a further decline in profit in the event of the expiry of the duties, forcing lower production due to smaller market share. The Applicant based its estimate on experience taking into consideration prevailing market conditions in the SACU and previous experience on the impact of dumped imports from Indonesia and Thailand.

5.2.3.3 Output

The following table outlines the Applicant's domestic production volume of the subject product for the years 2016 to 2018 and an estimate in the event duties expire:

Table 5.2.3.3: Output

Volume - m ²	2016	2017	2018	Estimate if duties expire
Applicant's total production of the product concerned	100	91	96	85
Other SACU producers' production*	100	91	96	85

Table Indexed due to confidentiality using 2016 as base year

* The Applicant Indicated that Marley Building Systems volumes are estimated, backed by the production facility capacity against their own, as well as customer base representation

The Applicant stated that there was an decreasing trend in output over the period 2016 to 2018. It also stated that should the anti-dumping duties expire, it is estimated that the production will decline in 2019 with the same percentage as the declining sales volumes. This will result in customers reverting to importing the dumped products causing material injury to the SACU industry.

The Applicant further stated that as the sales volumes are expected to decline and in order to manage the inventory levels, production will be cut back with the same percentage as the estimated sales volumes.

Commission's consideration

The Commission is of the view that even with the current duties in place the Applicant's output on the subject product declined during the period of investigation and the situation will be worse should anti-dumping duties expire.

5.2.3.4 Market share

The following table shows the market share for the subject product for the years 2016 to 2018 and an estimate in the event the duties expire:

Table 5.2.3.4: Market share

	2016	2017	2018	Estimate if duties expire
Market share in volume (m ²)				
Applicant	100	94	95	87
Other SACU producers	100	100	101	91
Alleged dumped Imports	-	-	-	100
Other Imports	100	167	156	153

Total SACU market	100	100	101	101
Percentage share held by:				
Applicant	100	93	94	86
Other SACU producers	100	100	100	91
Alleged dumped imports	0%	0%	0%	8%
Other imports	6%	10%	9%	9%

Table Indexed due to confidentiality using 2016 as base year

The Applicant stated that the research it has done for some of its products affected by similar imports has led it to believe that it may lose a significant percentage of the market if the anti-dumping duties are revoked.

Commission's consideration

The above table indicates that the market share of the Applicant has decreased, whilst other imports market share increased during the period of investigation. The decrease is expected to be more substantial should the anti-dumping duties expire.

5.2.3.5 Productivity

Using the production and employment figures sourced from the Applicant, its productivity in respect of the subject product was as follows for the years 2016 to 2018, including an estimate in the event the duties expire:

Table 5.2.3.5: Productivity

Volume - m²	2016	2017	2018	Estimate If duties expire
Total production volume (1000m ²)	100	91	96	85
Number of employees (manufacturing only)	100	97	94	83
Units per employee (1000m ²)	100	94	102	102

Table Indexed due to confidentiality using 2016 as base year

The Applicant indicated that production would drop by a significant percentage if the anti- dumping duties lapses. The Applicant also indicated that as volumes produced drop as demand moves towards the cheaper foreign imports; this would force the number of employees to drop while the remaining employees will face pressure to maintain a productivity level per employee.

5.2.3.6 Return on Investment

The following table shows the Applicant's return on investment on earnings before interest and tax basis, and an estimate in the event the duties expire.

Table 5.2.3.6: Return on Investment

	2016	2017	2018	Estimate If duties expire
Net Profit (Product concerned) - ZAR'000	100	57	25	22
Total Net Profit (All products) - ZAR'000	Positive	Negative	Negative	Negative
Net Assets (Product concerned) - ZAR'000	100	112	92	88
Total Net Assets (Total) - ZAR'000	100	122	85	81
Return on Net Assets (Product)	100	50	28	26
Return on Net Assets (Total)	Positive	Negative	Negative	Negative

Table indexed due to confidentiality using 2016 as base year

The Applicant stated that its net profit on the product under investigation has decreased considerably since 2016 as illustrated in the table above. In addition, the Applicant's net assets on the product under investigation have also decreased. Consequently, the Applicant's return on the net assets has declined during the period between 2016 and 2018 and will decline further should the duties expire.

5.2.3.7 Utilization of production capacity

The following table provides the Applicant's capacity and production for the subject products for the years 2016 to 2018 and an estimate in the event the duties expire:

Table 5.2.3.7: Production capacity

Volume - 1000m ²	2016	2017	2018	Estimate If the duties expire
Applicant's capacity	100	100	100	100
Applicant's actual production	100	91	96	85
Applicant capacity utilization %	100	91	97	84
Rest of SACU capacity	100	100	100	100
Rest of SACU production	100	76	80	71

Rest of SACU capacity utilization %	100	91	96	85
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Table indexed due to confidentiality using 2016 as base year

The Applicant stated that it estimate its capacity utilisation will decrease as production volumes are estimated to decrease by a considerable per cent in an event that the duties are revoked.

Commission's consideration

Even with the current duties in place the Applicant's capacity utilisation on the subject product declined during the period of investigation.

5.2.3.8 Actual and potential negative effects on cash flow

The following table provides the Applicant's cash flow for the years 2016 to 2018 and an estimate in the event the duties expire:

Table 5.2.3.8: Cash flow

Rand	2016	2017	2018	Estimate if duties expire
Product specific				
Cash flow: Incoming	100	95	101	88
Cash flow: outgoing	Negative	Negative	Negative	Negative
Net cash flow	Negative	Negative	Positive	Negative
Company				
Cash flow: Incoming	100	88	87	122
Cash flow: Outgoing	Negative	Negative	Negative	Negative
Net cash flow	Negative	Negative	Positive	Negative

Table indexed due to confidentiality using 2016 as base year

The Applicant stated that its cash flow regarding the specific subject products is not impeded because of the alleged dumped imports as the countries of origin, namely Thailand and Indonesia have not exported the product under investigation into the SACU during the above-stated period. It was stated that in light of the factors outlined above, it is very likely to export the subject products to SACU once the duties expire and these countries gain access to the SACU market, they will dump the subject product which will cause material injury to the industry. This will make their cash flow situation worse off which

will result in them being unable to meet their cash obligations significantly.

5.2.3.9 Inventories

The Applicant provided the following levels of inventories for 2016 to 2018 and an estimate in the event the duties expire:

Table 5.2.3.9: Inventories

	2016	2017	2018	Estimate if duties expire
Volume (1000m ²)	100	72	73	60
Value - R'000	100	100	101	84

Table Indexed due to confidentiality using 2016 as base year

The Applicant indicated that if the duty expires a stock held will fall when they lower production due to the impact of the foreign products. This will affect their ability to meet spikes in demand that is unanticipated and relationships with clients.

5.2.3.10 Employment

The following table shows the Applicant's employment level for the years 2016 to 2018 and an estimate in the event that duties expire:

Table 5.2.3.10: Employment

	2016	2017	2018	Estimate if duties expire
Direct labour: Production	100	100	112	99
Indirect labour: production	100	95	84	74
Total labour: production	100	97	94	83
Labour Units: Selling and Administrative	100	100	106	93

Table Indexed due to confidentiality using 2016 as base year

The Applicant's total labour directly involved in the production of the subject product has declined steadily since 2016.

It was stated that if the duty expires, the Applicant might have to resort to various measures such as decreasing its production volumes even further, which will have a direct impact on the number of people employed at its operations.

5.2.3.11 Wages

Using the production wages and employment figures sourced from the Applicant, its production wages per employee in respect of the subject products is as follows, including an estimate in the event of the duties expire:

Table 5.2.3.11: Wages

Rand	2016	2017	2018	Estimate if duties expire
Total wages: Production	100	110	134	118
Wages per Employee	100	110	120	129

Table indexed due to confidentiality using 2016 as base year

The above table shows that the wages per employee increased from 2016 to 2018. The Applicant indicated that the wages would require to be increased by the annual increase but this will put pressure on the costs for the company.

5.2.3.12 Growth

The following table provides the Applicant's growth information for the years 2016 to 2018 and an estimate in the event of the duties expire:

Table 5.2.3.12: Growth

Volume - m ²	2016	2017	2018	Estimate if duties expire
Size of the SACU market	100	96	101	97
% growth from previous year		Negative	Negative	Negative
Applicant sales volume	100	94	95	87
Applicant growth %		Negative	Negative	Negative
Rest of SACU producers volume	100	100	101	91
Alleged imports (m ²)	0	0	0	2 983 315
Other imports (m ²)	2 064 743	3 454 317	3 216 242	3 150 000

Table indexed due to confidentiality using 2016 as base year

The above indicates a negative growth in the SACU market; it further indicates a decrease in the SACU sales volumes. Other imports (volumes) increased from 2016 to 2018.

The Applicant stated that if the anti-dumping duties expire, its SACU sales volume (locally manufactured) for all the subject products will decrease whilst dumped imports increases, meaning that these imports will hold a larger share of the market. This clearly shows that the expiry of the anti-dumping duties will lead to a recurrence of injury.

5.2.3.13 Ability to raise capital or investments

The following table provides the Applicant's ability to raise capital and investment for the years 2016 to 2018 and an estimate in the event that duties expire:

Table 5.2.3.13: Ability to raise capital or Investment

	2016	2017	2018	Estimate if duties expire
Total capital/investment in subject product - R'000	100	99	100	89
Capital expenditure during year on subject product - R'000	100	92	87	77

Table Indexed due to confidentiality using 2016 as base year

The Applicant stated that if the duty expires its liquidity will be negatively impacted together with cash generation and leave them in a difficult position in terms of meeting their liquidity requirements. Furthermore, should they wish to expand their current production, cash generation will be negatively impacted thus investment will be limited.

Comments by the Government of Indonesia (GOI) to the Commission's essential facts letter

The GOI stated that it acknowledges that the Commission is considering making a final determination that the anti-dumping duties on gypsum plasterboard be maintained but excluding that manufactured by PT. Siam-Indo, from the measure. It however strongly requests that the imposition of the anti-dumping duties be terminated by the end of its fifteen years applications as there is no basis for continuing such measures based on the fact that such long period of time is more than enough for the South African domestic industry to remedy themselves and believe that any termination of anti-dumping duty on import of

the product concerned from Indonesia would not result in continuation or recurrence of injury to the domestic industry in South Africa.

It further stated that the Commission failed to properly examine the likelihood factor under Article 11.3 ADA. It stated that a thorough analysis of the facts usually serves as a basis of the Commission to render a decision on the likelihood of continuation or recurrence of dumping of a subject product. It also stated that gypsum industry in South Africa has been in a relatively in strong financial position for the past three years. The economic indicators in 2018 showed a better performance compared to 2017. Indexed figures for sales volume increased from 93.64 in 2017 to 95.46 in 2018. Indexed figures for sales value also increased from 94.14 in 2017 to 98.49 in 2018. However, the Applicant provided the estimation of both sales volume and sales value to drop significantly if the duty expires although the recent changes showed otherwise. As such, the GOI considers that the existing economic indicators do not support the argument of domestic industry that the injury is likely to continue or recur if the duty is removed.

Commission's consideration

ADR 53.1 states as follows: "any definitive anti-dumping duty shall be terminated on a date not later than five years from the date of imposition, unless the authorities determine, in a review initiated before that date on their own initiative or upon a duly substantiated request made by or on behalf of the domestic industry, that the expiry of the duty would be likely to lead to continuation or recurrence of dumping and injury".

The Commission undertook a request made on behalf of the domestic industry in that regard after there was prima facie evidence shown that the expiry of the duties would likely lead to the continuation or recurrence of dumping and the expiry of the anti-dumping duties is likely to lead to the recurrence of material injury, an investigation was therefore initiated. The Commission has therefore conducted the investigation as requested by the domestic industry and as required by the ADR 53.1

The Commission rejected the GOI's assertion that it did not do a thorough analysis of facts. The Commission did a thorough analysis of dumping and material injury to arrive at a conclusion that the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of dumping; and the recurrence of material injury.

As pointed out by the GOI, there was an improvement of sales between 2017 and 2018 probably because the anti-dumping duties in place are sufficient to eliminate dumping and injury as there were no imports to the SACU industry during the period of investigation.

The Commission considered that the information available indicated that there will be a recurrence of material injury should the anti-dumping duties expire.

5.3 CONCLUSION – RECURRENCE OF MATERIAL INJURY

After considering all the information available, the Commission made a final determination that the expiry of the anti-dumping duties would likely lead to the recurrence of material injury.

6. FINAL DUTIES

6.1 Amount of duties

The table below is provided for the purposes of comparison between the applicable anti-dumping duties and the calculated anti-dumping margin in the investigation:

Item	Tariff Heading	Code	Description	Imported from or originating in	Rate of anti-dumping duty	Calculated AD margins
	ARTICLES OF STONE, PLASTER, CEMENT, ASBESTOS, MICA OR SIMILAR MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE					
213.02	ARTICLES OF PLASTER OR OF COMPOSITIONS BASED ON PLASTER					
213.02	6809.11	05.06	Boards, sheets, panels, tiles and similar articles of plaster or of compositions based on plaster, faced or reinforced with paper or paperboard only, not ornamented	Thailand	45%	67%
213.02	6809.11	06.06	Boards, sheets, panels, tiles and similar articles of plaster or of compositions based on plaster, faced or reinforced with paper or paperboard only, not ornamented	Indonesia (excluding PT. Siam-Indo Industry Gypsum)	34.6%	** -2.7%

****PT. Siam-Indo Gypsum Industry** was the only exporter that responded to the Commission's exporter's questionnaire. Its information was verified and found to have a negative dumping margin of -2.7%

7. SUMMARY OF FINDINGS

7.1 Continuation or recurrence of dumping

The Commission made a final determination that the expiry of the anti-dumping duties imposed on the subject product would likely lead to the continuation or recurrence of dumping of the subject product originating in or imported from Thailand and Indonesia (excluding that manufactured by PT. Siam-Indo Gypsum Industry).

7.2 Recurrence of material injury

The Commission made a final determination that the expiry of the anti-dumping duties imposed on the subject product would likely lead to the recurrence of material injury.

8. RECOMMENDATION

The Commission made a final determination that the expiry of the anti-dumping duties imposed on the subject product would likely lead to the continuation or recurrence of dumping of the subject product originating in or imported from Thailand and Indonesia (excluding that manufactured by PT. Siam-Indo Gypsum Industry); and the recurrence of material injury.

The Commission therefore made a final determination to recommend to the Minister of Trade and Industry that the anti-dumping duties on boards, sheets, panels, tiles and similar articles of plaster or of compositions based on plaster, not ornamented, faced or reinforced with paper or paperboard only, not ornamented (gypsum plasterboard) originating in or imported from Thailand and Indonesia (excluding that manufactured by PT. Siam-Indo Gypsum Industry) be maintained.