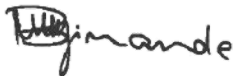


**REPORT NO: 663**

**SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON FRESH OR CHILLED GARLIC  
ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA (PRC):  
FINAL DETERMINATION**

The International Trade Administration Commission of South Africa herewith presents its Report No. 663: **SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON FRESH OR CHILLED GARLIC ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA (PRC): FINAL DETERMINATION**



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**Mr Meluleki Nzimande**  
**CHIEF COMMISSIONER**

**PRETORIA**  
**11/08/2021**

## **INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA**

### **SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON FRESH OR CHILLED GARLIC ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA (PRC): FINAL DETERMINATION**

#### **SYNOPSIS**

The anti-dumping duties on fresh or chilled garlic (subject product) were first imposed on 20 October 2000. The current duties were re-imposed on 30 October 2015 in the *Government Gazette* Number 39340.

On 24 May 2019, the International Trade Administration Commission of South Africa (the Commission) notified the Southern African Customs Union (SACU) industry through Notice No. 284 of 2019 in *Government Gazette* Number 42474, that the anti-dumping duties on the subject product originating in or imported from the PRC would expire on 29 October 2020, unless a substantiated application is made by the SACU industry, indicating that the expiry of the said anti-dumping duties would likely lead to the continuation or recurrence of dumping and material injury.

On 05 June 2020, a response was received from the South African Garlic Growers Association (SAGGA) on behalf of the SACU industry indicating that the expiry of the anti-dumping duties on the subject product would likely lead to the continuation or recurrence of dumping and material injury to the SACU industry.

On 23 October 2020, the Commission initiated a sunset review of the anti-dumping duties on the subject product originating in or imported from the PRC through Notice Number 603 of 2020, which was published in the *Government Gazette* Number 43834.

The investigation was initiated after the Commission considered that the Applicant submitted *prima facie* information that the expiry of the anti-dumping duties on the subject product originating in or imported from the PRC would likely lead to the continuation or recurrence of dumping and material injury.

Subsequent to initiation of the investigation, all known interested parties were informed and requested to respond to the relevant questionnaires and the non-confidential version of the application.

There were no responses to the Commission's questionnaires from importers, producers and exporters of the subject product from the PRC.

On 19 March 2021, essential facts letters were sent to the interested parties to allow comments on the Commission's considerations prior to the final determination. The deadline for comments was 02 April 2021.

There were no responses to the essential facts letters from the importers, producers and exporters of the subject product. The applicant responded to the essential facts letter and agreed with the Commission's consideration for the final determination.

The dumping margin was therefore determined based on facts available which is the information supplied by the applicant and contained in the application.

After considering all the information at its disposal, the Commission made a final determination that the expiry of the anti-dumping duties on the subject product originating in or imported from the PRC would likely lead to the continuation or recurrence of dumping and material injury to the SACU industry.

The Commission therefore made a final determination to recommend to the Minister of Trade, Industry and Competition that the anti-dumping duties on the subject product originating in or imported from the PRC be maintained at 1925c per kilogram under the following tariff subheadings: 0703.20 (Garlic, fresh or chilled) and 0712.90.90 (Dried garlic, in the form of bulbs or cloves).

## 1. APPLICATION AND PROCEDURE

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- 1.1 This investigation is conducted in accordance with the International Trade Administration Act, 71 of 2002 (ITA Act), the International Trade Administration Commission of South Africa's Anti-Dumping Regulations (ADR), with due regard to the World Trade Organisation (WTO) Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade, 1994 (the Anti-Dumping Agreement).
- 1.2 On 24 May 2019, the Commission notified the SACU industry through Notice Number 284 of 2019 in *Government Gazette* Number 42474, that the anti-dumping duties on the subject product originating in or imported from the PRC would expire on 29 October 2020, unless a substantiated application is made by the SACU industry, indicating that the expiry of the said anti-dumping duties would likely lead to the continuation or recurrence of dumping and material injury.
- 1.3 On 05 June 2020, a sunset review application was received from SAGGA on behalf of the SACU industry. After all the deficiencies were addressed, an updated sunset review application was received on 18 September 2020.
- 1.4 The application was lodged by SAGGA, representing approximately 100 percent of the domestic production of the subject product in SACU for the period 01 March 2019 to 29 February 2020. The applicant alleged that the expiry of the anti-dumping duties on the subject product would likely lead to the continuation or recurrence of dumping and material injury to the SACU industry.
- 1.5 On 23 October 2020, the investigation was initiated through Notice Number 603 of 2020, which was published in the *Government Gazette* Number 43834.
- 1.6 On 26 October 2020, the initiation notice, non-confidential version of the application and the exporters/importers questionnaires were sent to all known interested parties.
- 1.7 The investigation period for dumping as contained in this report is from 01 March 2019 to 29 February 2020. The information evaluated with regard to material injury is for the period 01 March 2017 to 29 February 2020, with estimated material injury information

furnished for the period 01 March 2020 to 28 February 2021 in the event that the anti-dumping duties expire.

- 1.8 No producers and exporters of the subject product from the PRC responded to the Commission's exporter questionnaire.
- 1.9 No importers of subject product from SACU responded to the Commission's importer questionnaire.
- 1.10 On 19 March 2021, essential facts letters were sent to the interested parties to allow comments on the Commission's consideration of the matter prior to the final determination.
- 1.11 No responses to the essential facts letter from the importers, producers and exporters of the subject product.
- 1.12 The applicant responded to the essential facts letter and agreed with the Commission's consideration of the matter prior to the final determination.

## 2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

### 2.1 IMPORTED PRODUCT

#### 2.1.1 Description

The applicant described the imported product as all strains of garlic. The two subspecies are soft neck-garlic (*Allium sativum*) and hard neck garlic (*Allium ophioscorondon*). Garlic can be in the form of fresh or dried whole bulbs or individual cloves, unpeeled or peeled and it can also be cured, trimmed, cleaned and graded. Garlic delivered in cold storage (chilled garlic) is also considered “fresh garlic”.

#### 2.1.2 Country of origin/export

The subject product originates in or is imported from the PRC.

#### 2.1.3 Tariff Classification

The subject product is classifiable under the following tariff subheadings:

**Table 2.1.3: Tariff classification**

Tariff Heading / Subheading	Description	Statistical unit	Customs duty					
			General	EU	EFTA	SADC	MERCOSUR	AfCFTA
<b>07.03</b>	<b>Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled:</b>							
0703.20	- Garlic	kg	325c/kg with a maximum of 37%	free	325c/kg with a maximum of 37%	free	325c/kg with a maximum of 37%	325c/kg with a maximum of 37%
<b>07.12</b>	<b>Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared:</b>							
<b>0712.90</b>	<b>- Other vegetables; mixtures of vegetables:</b>							
0712.90.90	-- Other	kg	20%	free	20%	free	20%	16%

#### 2.1.4 Possible tariff loopholes

The applicant stated that garlic is classified under tariff subheading 0703.20 (Garlic). It is however, it is possible that it can also be imported under tariff subheading 0712.90.90 (Other). However HS 0712.90.90 is a very general classification which includes many other vegetables, it is not possible to identify the volume of garlic imported under this heading and therefore the import volumes falling under this subheading were not used in this application. The applicant further stated that the Commission also imposed an anti-dumping duty on

subheading 0712.90.90 “dried garlic, in the form of bulbs or cloves” after determining that the subject product was found to be dumped into the SACU market and that it is a like product competing directly with the subject product.

### 2.1.5 Current anti-dumping duties on garlic

The anti-dumping duties on garlic are as follows:

**Table 2.1.3: Current anti-dumping duties**

Item	Tariff Heading	Code	CD	Description	Rebate Items	Imported from or Originating in	Rate of Anti- Dumping Duty
202.00	VEGETABLE PRODUCTS						
202.02	EDIBLE VEGETABLES AND CERTAIN ROOTS AND TUBERS						
202.02	0703.20	01.06	64	Garlic, fresh or chilled	301.00-399.00; 401.00-499.00	China	1 925c/kg
202.02	0712.90.90	01.08	80	Dried garlic, in the form of bulbs or cloves	301.00-399.00; 401.00-499.00	China	1 925c/kg

## 2.2 SACU PRODUCT

### 2.2.1 Description

The SACU product is described as all strains of garlic. The two subspecies are soft neck-garlic (*Allium sativum*) and hard neck garlic (*Allium ophioscorondon*). Garlic can be in the form of fresh or dried whole bulbs or individual cloves, unpeeled or peeled and it can also be cured, trimmed, cleaned and graded. Garlic delivered in cold storage (chilled garlic) is also considered “fresh garlic”.

In the original investigation, the Commission found that the SACU product and the imported product are “like products” as defined in Regulation 1 of the ADR and made a final determination to this effect for purposes of comparison.



### **3. INDUSTRY STANDING**

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The application was lodged by SAGGA, representing approximately 100 percent of the domestic production of the subject product in SACU based on actual production volumes of the four farmers that provided material injury information and the National Fresh Produce Markets (NFPM) sales volumes, which are considered equal to production over the period 01 March 2019 to 29 February 2020. SAGGA is a representative organisation for local garlic growers and producers.

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 Regulation 7 of the ADR.

#### **4. CONTINUATION OR RECURRENCE OF DUMPING**

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##### **METHODOLOGY USED FOR ALL PRODUCERS/ EXPORTERS IN THE PRC**

There were no responses received from producers and exporters in the PRC. The Commission made a final determination that the dumping margin be determined based on facts available in terms of Regulation 1 of the ADR. The facts available in this case comprise information supplied by the applicant, considered by the Commission for merit determination, and contained in the application.

##### **4.1 Normal Value**

The Record of Understanding between the International Trade Administration Commission of South Africa and the Bureau of Fair Trade for Imports and Exports (BOFT) of the Ministry of Commerce of the People Republic of China provides that the PRC be treated as a market economy for purposes of anti-dumping investigations. In instances where information on the domestic selling prices in the PRC is not reasonably available to the SACU industries, SACU industries can use alternative methods, which are permitted by the WTO in the determination of normal value for the PRC.

The applicant determined the normal value of garlic based on the domestic price in the PRC. To substantiate the domestic price in the PRC, the applicant provided wholesale prices per kilogram obtained from open market source publications as sourced from the two websites [freshplaza.com](http://freshplaza.com) and [www.producereport.com](http://www.producereport.com). The applicant stated that the normal value was sourced from what are considered as reputable sources. The applicant further stated that the PRC has more than 1 million small producers of garlic that do not sell in an organised manner and do not export directly. Therefore, the wholesale market price is considered the most accurate representative of the domestic price in the PRC.

The publications show the wholesale prices for garlic per kilogram for the months of April, May, June, August and October 2019. The average wholesale price for garlic was determined to be 7.74 Chinese Yuan (CNY) per kilogram. It was then adjusted by CNY0.05 for inland transport to derive ex-farm normal value of CNY7.69 per kilogram for the period 01 March 2019 to 29 February 2020. The Chinese Yuan value was then converted to R16.18

South African Rand (ZAR) per kilogram. The currency conversions were sourced from oanda.com.

#### **4.2 Export price**

The Commission made a final determination that the export price be determined based the official import statistics from the South African Revenue Service (SARS) for the period 01 March 2019 to 29 February 2020. Free on Board (FOB) export price was determined to be R13.66 per kilogram. This figure was adjusted by R0.11 (0.77%) for inland transport to derive the ex-farm export price of R13.55 per kilogram. Inland transport of CNY0.05 per kilogram and was converted to South African Rand. The currency conversions were sourced from oanda.com.

#### **4.3 Margin of dumping**

The margin of dumping was determined to be 19.40 percent, when expressed as a percentage of the ex-farm export price.

#### **4.4 Conclusion**

Having considered the information at its disposal, the Commission made a final determination that the expiry of the anti-dumping duties would likely lead to the continuation of dumping of the subject product originating in or imported from the PRC.

## 5. MATERIAL INJURY

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### 5.1 DOMESTIC INDUSTRY- MAJOR PROPORTION OF PRODUCTION

The information used for the analysis of the likelihood of continuation or recurrence of material injury relates to Agribez Boerdery CC, Alpha Sand Boerdery, Corbez Trust and PJD Familie Trust, that are producers/farmers of the subject product and members of SAGGA, together constituting more than 10 percent of SACU industry domestic production of the subject product for the period 01 March 2019 and 29 February 2020.

The Commission considered that the garlic industry is fragmented and has numerous small-scale farmers. There are new entrants and producers that leave every year and garlic is cultivated as an extra (part-time crop). Therefore, the Commission made a final determination that the information provided by the four farmers constitute “a major proportion” of the total domestic production, in accordance with Regulation 7 of the ADR.

### 5.2 IMPORT VOLUMES AND EFFECT ON PRICES

#### 5.2.1 Import volumes

Table 5.2.1 below shows the volume of the allegedly dumped imports of the subject product as sourced from SARS for the period 01 March 2017 to 29 February 2020 and the applicant’s estimates, should the anti-dumping duties be removed.

**Table 5.2.1: Import Volumes in kilograms**

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Estimates if the anti-dumping duties expire</b>	<b>Increase/ decrease if the anti-dumping duties expire</b>
Alleged dumped imports (PRC)	138 757	241 135	26 500	1 679 840	Increase
Other imports	2 551 285	2 380 638	2 912 298	2 018 702	Decrease
<b>Total imports</b>	<b>2 690 042</b>	<b>2 621 773</b>	<b>2 938 798</b>	<b>3 698 542</b>	<b>Increase</b>
Imports from the PRC as a % of total imports	5.16%	9.20%	0.90%	45.42%	Increase

It is estimated that if anti-dumping duties are removed, imports from the PRC would increase to 1 679 840 kilograms which is the volume that was imported in 2012. The applicant stated that this is the highest level of imports since the anti-dumping duties were first imposed in 2000 and highly probable due to high levels of inventory in the PRC.

Table 5.2.1 above indicates that imports from the PRC increased by 73.78% from 2017/18 to 2018/19, decreased by 89.01% from 2018/19 to 2019/20, decreased by 80.90% from 2017/18 to 2019/20 and are estimated to increase should the anti-dumping duties be removed. The applicant stated that the lower import volumes in 2019/20 resulted from price speculation. There was an expectation that prices will be reduced. However, with the high prices, there was low demand for the imported product. The applicant further stated that low import volumes could be a result of imports being temporarily halted because of the anticipated sunset review of anti-dumping duties.

## 5.2.2 Effect on Domestic Prices

It is estimated that the ex-farm selling price of the subject product would be reduced in 2021.

### 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 like product produced by the SACU industry. The price undercutting was determined based on the applicant's ex-farm selling price and the landed cost of the imported product from the PRC. The landed cost was calculated using the weighted average PRC Free on Board (FOB) export value per kilogram plus cost of freight, insurance and clearing costs, applicable ordinary customs duties and the current anti-dumping duty.

**Table 5.2.2.1: Price undercutting: 01 March 2019 to 29 February 2020**

<b>R/kg</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Estimates if the anti-dumping duties expire</b>	<b>Increase/decrease if the anti-dumping duties expire</b>
Price undercutting per kilogram	No	No	No	Yes	Increase
Price undercutting %	No	No	No	Yes	Increase

Table 5.2.2.1 above indicates that the applicant did not experience price undercutting between 2017/18 and 2019/20 and is estimated that if the duties are removed there will be price undercutting. It is estimated that the ex-farm selling price would have to be reduced should the anti-dumping duties expire in an attempt to compete against the low-priced imports from the PRC and prevent an increase in inventory that would exceed the normal sustainable levels.

### 5.2.2.2 Price depression

Price depression takes place where the SACU industry's ex-factory selling price decreases over a period of time (in this case from 2017/18 to 2019/20).

**Table 5.3.2.2: Price depression**

R/kg	2017/18	2018/19	2019/20	Estimates if the anti-dumping duties expire	Increase/decrease if the anti-dumping duties expire
Applicant's ex-farm selling price	100	80	83	81	Decrease

The figures were indexed due to confidentiality using 2017/18 as a base year

Table 5.2.2.2 above indicates that ex-farm selling price decreased by 17 index points from 2017/18 to 2019/20 and is estimated to decrease should the anti-dumping duties be removed. It is estimated that the ex-farm selling price would have to be reduced due the pricing pressure being exerted by the increased dumped imports from the PRC entering the SACU market at very low prices.

### 5.2.2.3 Price suppression

Price suppression is the extent to which increases in the cost of production of the product concerned, cannot be recovered from the selling prices over a period of time. The table below provides information on price suppression.

**Table 5.2.2.3: Price suppression**

R/kg	2017/18	2018/19	2019/20	Estimates if the anti-dumping duties expire	Increase/decrease if the anti-dumping duties expire
Applicant's ex-farm selling price	100	80	83	81	Decrease
Applicant's cost of production	100	140	65	113	Increase
Applicant's cost of production as % of Ex-farm Price	100	176	78	140	Increase

The figures were indexed due to confidentiality using 2017/18 as a base year

Table 5.2.2.3 above indicates that cost of production as a percentage of ex-farm selling price decreased between 2017/18 and 2019/20 (having increased in 2018/19) and is estimated to increase should the anti-dumping duties be removed. It is estimated that price suppression will increase substantially if the duties are removed.

## **5.2.3 IMPACT OF THE DUMPED IMPORTS ON THE SACU INDUSTRY**

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

The sales information on the subject product is based on National Fresh Produce Markets (NFPM) in South Africa and actual sales of the four farmers, which provided material injury information. NFPM sales volumes are based on NFPM sales data records excluding imports. To determine total NFPM sales, the applicant estimated that 75% is sold through this channel and the other 25% is sold directly to wholesalers and retailers.

The following table shows SACU sales volumes of garlic based on NFPM's and actual sales of the four farmers, which provided material injury information:

**Table 5.2.3.1: SACU sales volume**

<b>Kilograms</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Estimates if the anti-dumping duties expire</b>	<b>Increase/ decrease if the anti-dumping duties expire</b>
Applicant's sales volumes	100	74	83	50	Decrease
Other SACU producers (NFPM) sales volumes	100	131	112	67	Decrease
<b>Total SACU sales volume</b>	100	118	105	63	Decrease

The figures were indexed due to confidentiality using 2017/18 as a base year

Table 5.2.3.1 above indicates that applicant's sales volumes decreased by 17 index points between 2017/18 and 2019/20 and are estimated to decrease should the anti-dumping duties be removed. Table 5.2.3.1 further indicates that NFPM sales volumes increased by 12 index points between 2017/18 and 2019/20 and are estimated to decrease should the anti-dumping duties be removed. It is estimated that SACU producers will lose at least 40% of their sales to alleged dumped imports unless they depress their selling prices and sell at a loss.

### **5.2.3.2 Actual and potential decline in sales values**

The following table shows SACU sales values of garlic based on NFPM's sales and actual sales of the four farmers which provided material injury information.

**Table 5.2.3.2: SACU sales value**

<b>Rands</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Estimates if the anti-dumping duties expire</b>	<b>Increase/ decrease if the anti-dumping duties expire</b>
Applicant's sales values	100	59	69	40	Decrease
Other SACU producers (NFPM) sales value	100	104	93	54	Decrease
<b>Total SACU values</b>	100	94	88	51	Decrease

The figures were indexed due to confidentiality using 2017/18 as a base year



Table 5.2.3.2 above indicates that applicant's and NFPM sales values decreased 31 and 7 index points respectively between 2017/18 and 2019/20 and are estimated to further decrease should the anti-dumping duties be removed. It is estimated that should the duties be removed the SACU producers will lose at least 40% of their sales to the dumped imports, unless they depress their selling prices and sell at a loss.

### 5.2.3.3 Market share

The following table shows the market share of the subject product based on import and sales volumes:

**Table 5.2.3.3: Market Share by Volume**

%	2017/18	2018/19	2019/20	Estimates if the anti-dumping duties expire	Increase/ decrease if the anti-dumping duties expire
Applicant share as % of total market	100	70	77	46	Decrease
Other SACU producers(NFPM) share as % of total market	100	124	104	62	Decrease
<b>Total SACU producers as % of SACU market</b>	100	112	98	59	Decrease
PRC imports share as % of total market	100	164	18	1124	Increase
Other imports share as % of total market	100	88	106	73	Decrease

The figures were indexed due to confidentiality using 2017/18 as a base year

Table 5.2.3.3 above indicates that applicant's market share decreased by 23 index points from 2017/18 to 2019/20 and is estimated to further decrease should the anti-dumping duties be removed. Other SACU producers market share increased by 4 index between 2017/18 and 2019/20 and is estimated to decrease should the anti-dumping duties be removed. The market share of the alleged dumped from the PRC decreased by 82 index points between 2017/18 and 2019/20 (having increased by 64 index points in 2018/19) and is estimated to increase should the anti-dumping duties be removed. Other imports market share increased by 6 index points between

2017/18 and 2019/20 and is estimated to decrease should the anti-dumping duties be removed. It is estimated that as result of declining sales volumes due to increased imports from the PRC, the SACU industry's market share in volumes will decline.

#### 5.2.3.4 Profit

The following table shows the applicant's profit situation:

**Table 5.2.3.4: Profit**

Rands/kg	2017/18	2018/19	2019/20	Estimates if the anti-dumping duties expire	Increase/ decrease if the anti-dumping duties expire
Applicant's gross profit	Negative	Negative	Positive	Negative	Decrease
Applicant's net profit	Negative	Negative	Positive	Negative	Decrease

The figures were indexed due to confidentiality using 2017/18 as a base year

Table 5.2.3.4 above indicates that both gross and net profits per kilogram increased between 2017/18 and 2019/20 and are estimated to be negative should the anti-dumping duties be removed. It is estimated that the SACU industry will lose at least 40% its sales to the dumped imports, unless it depress its selling price and sell at a loss in the process.

#### 5.2.3.5 Output

The following table shows the applicant's output.

**Table 5.2.3.5: Applicant's Output**

Kilograms	2017/18	2018/19	2019/20	Estimates if the anti-dumping duties expire	Increase/ decrease if the anti-dumping duties expire
Applicant's output	100	91	49	52	Increase

The figures were indexed due to confidentiality using 2017/18 as a base year

Table 5.2.3.5 above indicates that output decreased by 51 index points between 2017/18 and 2019/20 and is estimated to increase should the anti-dumping duties be removed. Output for 2021 is estimated to be the harvested crop of the previous year's planting. The SACU industry will eventually be forced to reduce production as the harvested crop is sold. There will be no plantings of a new crop after 2021 and production will cease.

### 5.2.3.6 Employment

The following table provides the applicant's employment figures:

**Table 5.2.3.6: Employees in production**

No. of employees	2017/18	2018/19	2019/20	Estimates if the anti-dumping duties expire	Increase/ decrease if the anti-dumping duties expire
Employees in Production	100	100	96	96	Constant

The figures were indexed due to confidentiality using 2017/18 as a base year

Table 5.2.3.6 above indicates that number of employees involved in production decreased by 3 index points between 2017/18 and 2019/20 and is estimated to remain constant should the anti-dumping duties be removed.

It is estimated that the increase in dumped subject product from the PRC will exert undue pressure on the SACU producers as sales will be lost and any attempt to compete at depressed or suppressed prices would not be a sustainable option. Eventually it would lead to a reduction in production with reduced field preparation, planting, harvesting and packing that are done by the direct production employees, which activities will eventually have to stop.

### 5.2.3.7: Productivity

Productivity was determined based on output and the number of employees in production.

**Table 5.2.3.7: Productivity**

Kilograms produced/No of employees	2017/18	2018/19	2019/20	Estimates if the anti-dumping duties expire	Increase/ decrease if the anti-dumping duties expire
Applicant's production in kilograms	100	91	49	52	Increase
Applicant's employees in production	100	100	96	96	Constant
<b>Applicant's productivity per employee</b>	100	91	51	54	Increase

The figures were indexed due to confidentiality using 2017/18 as a base year

Table 5.2.3.7 above indicates that applicant's productivity per employee decreased by 49 index points between 2017/18 and 2019/20 and is estimated to be well below the 2017/2018 level should the anti-dumping duties be removed.

### 5.2.3.8 Utilisation of production capacity

The following table shows applicant's production capacity utilisation.

**Table 5.2.3.8: Capacity utilisation**

Kilograms	2017/18	2018/19	2019/20	Estimates if the anti-dumping duties expire	Increase/decrease if the anti-dumping duties expire
Applicant's capacity in kilograms	100	100	100	100	Constant
Applicant's production in kilograms	100	91	49	52	Increase
<b>Applicant's capacity utilisation (%)</b>	100	91	49	52	Increase

The figures were indexed due to confidentiality using 2017/18 as a base year

Table 5.2.3.8 above indicates that applicant's capacity utilisation decreased by 51 index points between 2017/18 and 2019/20 and is estimated to slightly increase should the anti-dumping duties be removed. Capacity of the participating producers was determined based on the maximum hectares planted and the expected yield from 2017/18 to 2019/20. It is estimated that should the anti-dumping duties be removed, loss of production volume due to the increased dumped imports will have a severe impact on capacity utilisation.

### 5.2.3.9 Return on Investment

The following table shows applicant's return on investment:

**Table: 5.2.3.9: Return on investment**

Rands	2017/18	2018/19	2019/20	Estimates if the anti-dumping duties expire	Increase/decrease if the anti-dumping duties expire
Applicant's net profit	(100)	(563)	14	(406)	Decrease
Applicant's net assets	100	98	105	105	Constant
<b>Applicant's return on Net Assets</b>	(100)	(576)	13	(387)	Decrease

The figures were indexed due to confidentiality using 2017/18 as a base year

Table 5.2.3.9 above indicates that applicant's return on investment increased to a positive between 2017/18 and 2019/20 and is estimated to be negative should the anti-dumping duties be removed. It is estimated that should the duties be removed the SACU producers will lose at least 40 percent their sales to the dumped imports, unless they depress their selling prices and sell at a loss.

### 5.2.3.10 Factors affecting domestic prices

It was indicated in Tables 5.3.2.1 to 5.3.2.3 that should the anti-dumping duties be removed the applicant will experience price depression, price undercutting and price suppression.

### 5.2.3.11 Margin of dumping

The following margin of dumping was calculated:

**Table 5.2.3.11: Margin of dumping**

Tariff- Sub-heading	Product description	Margin of dumping expressed as % of ex- farm export price
07.30.20	Garlic	19.40%
07.12.90.90		

### 5.2.3.12 Actual and potential negative effects on cash flow estimates

The table below outlines applicant's cash flow:

**Table 5.2.3.12: Net Cash Flow**

Rands	2017/18	2018/19	2019/20	Estimates if the anti-dumping duties expire	Increase/ decrease if the anti-dumping duties expire
Applicant's net cashflow	(100)	(3533)	937	(2170)	Decrease

The figures were indexed due to confidentiality using 2017/18 as a base year

Table 5.2.3.12 above indicates that the applicant's net cash flow increased to a positive between 2017/18 and 2019/20 and is estimated to decrease should the anti - dumping duties be removed. It is stated that the precise extent of the decline with regard to cash flow is difficult to estimate accurately, however the actual injury that will be suffered could be much worse.

### 5.2.3.13 Inventories

The following table provides applicant's inventory:

**Table 5.2.3.13 Inventories**

	2017/18	2018/19	2019/20	Estimates if the anti-dumping duties expire	Increase/ decrease if the anti-dumping duties expire
Applicant's inventory volume in kilograms	100	114	50	50	Constant

The figures were indexed due to confidentiality using 2017/18 as a base year

Table 5.2.3.13 above indicates that applicant's inventory volumes decreased by 50 index points between 2017/18 and 2019/20 and is estimated to remain constant (relative to 2018/19) should the anti-dumping duties be removed. It is estimated that as result of the estimated lost sales, the SACU industry will reduce stock levels. However, if the SACU industry wishes to increase production it will find it difficult to sell the subject product as a result of the dumped imports from the PRC in the SACU market.

### 5.2.3.14 Wages

The following table provides applicant's production wages:

**Table 5.2.3.14: Wages**

Rands	2017/18	2018/19	2019/20	Estimates if the anti-dumping duties expire	Increase/ decrease if the anti-dumping duties expire
Applicant's production wages	100	128	156	157	Increase

The figures were indexed due to confidentiality using 2017/18 as a base year

Table 5.2.3.14 above indicates that applicant's production wages increased by 56 index points between 2017/18 and 2019/20 and is estimated to increase should the anti-dumping duties be removed. It is estimated that the remuneration of employees involved in production will increase in line with the CPI escalation resulting in increased production costs.

### 5.3.3.15 Ability to raise capital or investments

The following table provides applicant's ability to raise capital and investment:

**Table 5.2.3.15: Ability to raise capital and investment**

Rands	2017/18	2018/19	2019/20	Estimates if the anti-dumping duties expire	Increase/ decrease if the anti-dumping duties expire
Applicant's total capital/investment on subject product	100	81	81	81	Constant
Applicant's capital expenditure on subject product	Nil	*100	13	Constant	Nil

The figures were indexed due to confidentiality using 2017/18 as a base year, 2018/19 is base year

Table 5.2.3.15 above indicates that the applicant's capital and investment on subject product decreased by 19 index points between 2017/18 and 2019/20 and is estimated to remain constant should the anti-dumping duties be removed. Capital expenditure on the subject product increased from a zero base to a positive between 2017/18 and 2019/20 and is estimated to be zero should the anti-dumping duties be removed. It is estimated that there will be no more plantings and therefore no need for investment in the domestic garlic industry. The SACU industry will not be in a position to obtain external funds e.g. bank loans if it is not profitable.

### 5.2.3.16 Growth

The following table shows size of the SACU market based on sales and import volumes:

**Table 5.2.3.16: Growth**

Kilograms	2017/18	2018/19	2019/20	Estimate if the anti-dumping duties expire
<b>Size of SACU market</b>	100	106	108	108
Applicant	100	74	83	50
Other SACU producers	100	131	112	67
PRC Imports	100	174	19	1211
Other imports	100	93	114	79

The figures were indexed due to confidentiality using 2017/18 as a base year

Table 5.2.3.16 above shows that the size of the SACU market grew by 8 index points between 2017/18 and 2019/20 and is estimated to remain constant should the anti-dumping duties be removed. The applicant's sales volumes decreased by 17 index points in a growing market and is estimated to further decrease should the anti-dumping duties be removed. The alleged dumped imports from the PRC decreased by 81 index points between 2017/18 and 2019/20 (having increased by 74 index points in 2018/19) and are estimated to increase should the anti-dumping duties be removed. Other imports increased by 14 index points and are estimated to decrease should the anti-dumping duties be removed.

After the evaluation of all material injury indicators the Commission made a final determination that the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of material injury to the SACU industry.



## **6. SUMMARY OF FINDINGS**

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### **6.1 Continuation or Recurrence of Dumping**

The Commission made a final determination that the expiry of anti-dumping duties on the subject product originating in or imported from the PRC would likely lead to the continuation of dumping to SACU.

### **6.2 Continuation or Recurrence of Material injury**

After the evaluation of the material injury information the Commission made a final determination that the expiry of the anti-dumping duties on the subject product originating in or imported from the PRC would likely lead to the continuation or recurrence of material injury to the SACU industry as shown by the following material injury indicators:

- Price undercutting;
- Price Suppression;
- Price Depression;
- Sales volumes;
- Sales values;
- Market share;
- Profits;
- Net cash flow;
- Return on assets; and
- Growth.

## **7. FINAL DUTIES**

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The Commission considered that there are no responses to the Commission's questionnaire received from the importers, producers and exporters of the subject product from the PRC. Therefore the anti-dumping duty is based on facts available which is the information considered by the Commission for merit determination, being the information provided by the applicant for normal value determination and information sourced from SARS for export price determination.

The Commission also considered that the calculated anti-dumping duty is less than the currently applicable anti-dumping duties, which were subject matter of the sunset review, imports decreased with anti-dumping duties in place, and that there were no producer/exporter's responses from the PRC. The Commission made a final determination that the current applicable anti-dumping duty of 1925c per kilogram be maintained against imports of the subject product originating in or imported from the PRC.

## 8. FINAL DETERMINATION

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The Commission made a final determination that:

- The expiry of the anti-dumping duties on the subject product originating in or imported from the PRC would likely lead to the continuation or recurrence of dumping and material injury to the SACU industry.

The Commission therefore made a final determination to recommend to the Minister of Trade, Industry and Competition that the anti-dumping duties on the subject product originating in or imported from the PRC be maintained at 1925c per kilogram under the following tariff subheadings: 0703.20 (Garlic, fresh or chilled) and 0712.90.90 (Dried garlic, in the form of bulbs or cloves).