

REPORT NO. 687

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

The International Trade Administration Commission of South Africa herewith presents its
Report No. 687: **INVESTIGATION INTO THE ALLEGED DUMPING OF LAMINATED
SAFETY GLASS ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF
CHINA (PRC): PRELIMINARY DETERMINATION**



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INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

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

SYNOPSIS

On 22 October 2021, the International Trade Administration Commission of South Africa (the Commission) initiated an investigation into the alleged dumping of laminated safety glass (the subject product) originating in or imported from the People's Republic of China (PRC) through Notice Number 623 of 2021, which was published in the *Government Gazette* Number 45352.

PFG Building Glass, a division of PG Group (Pty) Ltd, the major producer of the subject product in SACU, lodged the application.

The investigation was initiated after the Commission considered that there was *prima facie* evidence to show that the subject product was imported into the Southern African Customs Union (SACU) at dumped prices, causing material injury and threatening to cause material injury to the SACU industry.

Upon initiation of the investigation, the diplomatic representatives and known producers/exporters of the subject product in the PRC were sent a non-confidential version of the application, initiation notice and foreign manufacturers/exporter's questionnaires to complete. Known importers of the subject product in SACU were also sent the non-confidential application, initiation notice and the importer's questionnaires to complete.

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

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 information at its disposal, the Commission made a preliminary determination that laminated safety glass originating in the PRC is imported into the SACU market at dumped prices, thereby causing material injury and a threat of material injury to the SACU industry.

The Commission further decided to request the Commissioner of the South African Revenue Service (SARS) to impose provisional payments of 232.78% for a period of six months to protect the domestic industry whilst the investigation continues.

1. APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

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) and giving 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 APPLICANT

The application was lodged by PFG Building Glass, a division of PG Group (Pty) Ltd, constituting more than 50 percent of the SACU industry production of the subject product.

1.3 DATE OF ACCEPTANCE OF APPLICATION

The application was accepted by the Commission as being properly documented in accordance with Regulation 21 of the ADR on 11 October 2021. The trade representatives of the PRC were advised accordingly.

1.4 ALLEGATIONS BY THE APPLICANT

The applicant alleged that imports of the subject product originating in or imported from the PRC was being dumped into the SACU market, thereby causing material injury and threatening to cause material injury to the SACU industry. The basis of the alleged dumping was that the subject product was exported to SACU at prices which were less than the normal value in the country of origin. The applicant alleged that as a result of dumping of the subject product from the PRC, the SACU industry is suffering material injury in the form of:

- Price suppression;
- Price depression;
- Declining sales volume;
- Declining market share;
- Declining profits and losses;

- Declining output;
- Declining productivity;
- Declining return on investment;
- Declining utilisation of production capacity;
- Declining cash flow; and
- Slowdown in growth.

1.5 INVESTIGATION PROCESS

1.5.1 The application was received by the Commission on 13 August 2021. The material injury information submitted by the applicant was verified on 13 and 14 September 2021.

1.5.2 The trade representatives of the PRC were notified of the Commission's receipt of a properly documented application in terms of Regulation 27.1 of the ADR.

1.5.3 The Commission initiated an investigation into the alleged dumping of laminated safety glass originating in or imported from the PRC through Notice Number 623 of 2021, which was published in the *Government Gazette* Number 45352 on 22 October 2021.

1.5.4 On 25 October 2021, all known interested parties were informed and requested to respond to the relevant questionnaires and the non-confidential version of the application.

1.6 INVESTIGATION PERIODS

The investigation period for dumping is 01 April 2020 to 31 March 2021. The investigation period for material injury involved the evaluation of data for the period is 01 April 2018 to 31 March 2021.

1.7 FOREIGN MANUFACTURERS/EXPORTERS

No producers and exporters of the subject product from the PRC responded to the Commission's exporter questionnaires.

1.8 SACU IMPORTERS

No Importers of the subject product responded to the Commission's importer questionnaire.

1.9 COMMENTS

No comments were received in this investigation.

1.10 PRELIMINARY DETERMINATION

After considering all information at its disposal, the Commission at its meeting of 08 February 2022, made a preliminary determination that laminated safety glass originating in or imported from the PRC is imported into the SACU market at dumped prices, thereby causing material injury and a threat of material injury to the SACU industry.

The Commission also considered that the SACU industry would continue to suffer material injury during the course of the investigation if provisional measures are not imposed. The Commission therefore decided to request the Commissioner of South African Revenue Service (SARS) to impose provisional measures of 232.78% on imports of laminated safety glass classifiable under tariff subheading 7007.29, originating in or imported from the PRC for a period of six months whilst the investigation continues.

1.11 All submissions made by interested parties are contained in the Commission's non-confidential file for this investigation and are available for perusal.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Description

The applicant described the imported product as follows:

Scientific Name	Trade Name
Laminated safety glass	Laminated safety glass / safety glass

2.1.2 Country of origin/export

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

2.1.3 Possible tariff loopholes

The applicant indicated that it is not aware of any possible tariff loopholes.

2.1.4 Tariff Classification

The subject product is classifiable under the following tariff sub-heading:

Table 2.1.4: Ordinary Customs Duty

Heading / Subheading	Description	Unit	General	EU/UK	EFTA	SADC	MERCOSUR	AfCFTA
70.07	Safety glass, consisting of toughened (tempered) or laminated glass:							
7007.2	-- Laminated safety glass							
7007.29	-- Other	m ²	15%	free	free	free	15%	15%

Source: Part 1 of Schedule 1 to the Customs and Excise Act

2.1.5 Other applicable duties and rebates

The applicant stated that there are no rebate provisions on laminated safety glass.

2.1.6 Negligibility test

The following table shows the alleged dumped imports from the PRC as a percentage of the total imports:

Table 2.1.6: Negligibility test

Imports	Import volumes in tons 1 April 2020 – 31 March 2021	Volume as a percentage of total Import volume
Alleged dumped Imports from PRC (m²)	1 090 817	98.03%
Other imports (m²)	21 973	1.97%
Total Imports (m²)	1 112 789	100%

The Commission made a preliminary determination that the volume of imports from the PRC are above the negligibility level in terms of Regulation 16.2 of the ADR.

2.1.7 Production process

The applicant described the production process in the PRC to be as follows:

Laminated glass is manufactured by cutting the main raw material (float glass) to desired sizes, then polishing the edges of the cut glass, and then these are put into a tempering machine. After the glass is tempered, two pieces or more are combined using PVB, EVA or TPU interlayers, these are then transferred into a pre-press line. The combined glass is placed into a high-pressure autoclave heating up to 100 to 200 degrees temperature and is kept for 4 to 8 hours, this is to make the lamination high performance and to ensure a long lifespan. The final product is then inspected and stored in the warehouse.

2.1.8 Raw material used

The applicant stated that the main raw materials for the imported product are float glass and resin glue film (vinyl).

2.1.9 Application or end use

The applicant stated that the imported flat laminated building glass is widely used in a variety of commercial and residential applications because of its safety, security, sound abatement and solar control characteristics. The final product is applied in residential and commercial building applications and the automotive industry. The categories of users are fabricators/manufacturers, distributors, and replacement glazers.

2.2 SACU PRODUCT

2.2.1 Description

The applicant described the SACU like product as follows:

Scientific Name	Common Name
Laminated safety glass	Laminated safety glass/ safety glass

2.2.2 Production process

The applicant described the production process in SACU to be as follows:

Laminated glass is manufactured by cutting the main raw material (float glass) to desired sizes, then polishing the edges of the cut glass, and then these are put into a tempering machine. After the glass is tempered, two pieces or more are combined using PVB, EVA or TPU interlayers, these are then transferred into a pre-press line. The combined glass is placed into a high-pressure autoclave heating up to 100 to 200 degrees temperature and is kept for 4 to 8 hours, this is to make the lamination high performance and to ensure a long lifespan. The final product is then inspected and stored in the warehouse.

2.2.3 Raw material used

The applicant stated that the main raw materials are float glass and resin glue film (vinyl).

2.2.4 Application or end use

The applicant stated that flat laminated building glass is widely used in a variety of commercial and residential applications because of its safety, security, sound abatement and solar control characteristics. The final product is applied in residential and commercial building applications and the automotive industry. The categories of users are fabricators/manufacturers, distributors, and replacement glazers.

2.3 LIKE PRODUCTS ANALYSIS

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

Table 2.3: Like product determination

	Imported product	SACU product
Raw materials	Laminated safety glass	Laminated safety glass
Physical characteristics and appearance	Clear glass of various thicknesses is produced by the float process. The technical characteristics and appearance of the subject product are clear float glass of the same or different lengths and thicknesses laminated together.	Clear glass of various thicknesses is produced by the float process. The technical characteristics and appearance of the subject product are clear float glass of the same or different lengths and thicknesses laminated together.
Tariff classification	7007.29	7007.29
Production process	The production of laminated safety glass comprises of Borreto cutting, grinding, tempering, laminating, and packing.	The production of laminated safety glass comprises of Borreto cutting, grinding, tempering, laminating, and packing.
Application or end use	The subject product is applied in residential and commercial building applications and the automotive industry. It is used by fabricators/manufacturers, distributors, and replacement glazers.	The subject product is applied in residential and commercial building applications and the automotive industry. It is used by fabricators/manufacturers, distributors, and replacement glazers.
Substitutability	The SACU like product and the imported product are identical and completely substitutable.	The SACU like product and the imported product are identical and completely substitutable.

Taking the above into consideration, the Commission made a preliminary determination that the SACU product and the imported product are “like products”, for purposes of comparison, in terms of the definition of “like product” in Regulation 1 of the ADR.

3. INDUSTRY STANDING

The application was lodged by PFG Building Glass, a division of PG Group (Pty) Ltd, constituting more than 50 percent of the SACU industry by production volume for the period 01 April 2020 to 31 March 2021.

The Commission considered that the applicant determined industry standing based on its verified actual production volume and estimated production volumes for other SACU manufacturers.

The Commission made a preliminary 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. DUMPING

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 preliminary 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 of information supplied by the applicant and contained in the application.

4.1 Normal Value

Methodology in this Investigation

The applicant determined the normal value based on the domestic price in the PRC. To substantiate the domestic price in the PRC, the applicant provided a quotation obtained from a manufacturer dated 21 June 2021. This price is outside the period of investigation for dumping (01 April 2020 to 31 March 2021).

The quotation shows ex-works selling prices of laminated safety glass in Chinese Renminbi (RMB) of a thickness 6.38mm, 8.36mm and 10.38mm. The average price was calculated to be ¥ 90.35/m². The quotation further showed the percentage variance of 20% to 30% in prices between February and June 2021. Therefore the average price for June was adjusted by 25%. Therefore the price for February 2021 was calculated to be ¥67.76/m² which was converted from Chinese Renminbi (RMB) to South African Rand. The currency conversions were sourced from Oanda.com for the period of investigation for dumping. The normal value based on the domestic price was therefore determined to be R163.23/m².

4.2 Export price

There were no responses from producers and exporters from the PRC. The Commission made a preliminary determination that the export price be determined based on facts available. The facts available in this instance are the official import statistics from SARS for the period of investigation for dumping. The export price was determined based on the average Free on Board (FOB) export price per square metre.

The average FOB price was of R50.16/ m² was adjusted with inland costs amounting to R3.69/m² to derive the ex-factory export price. The ex-factory export price was determined to be R46.47/m².

4.3 Margin of Dumping

The margin of dumping was calculated by subtracting the export price from the normal value (after all the adjustments have been made). The margin was then expressed as a percentage of the ex-factory export price. If the margin is less than two per cent, it is regarded as *de minimis* in terms of the ADR and no anti-dumping duty is imposed.

The dumping margin was determined as follows:

Table 4.3: Dumping calculation

	R/m ²
Normal value	163.23
Less ex –factory Export price	46.47
Margin of dumping	116.76
Margin of dumping as a % of ex-factory export price	251.26%

Conclusion

The Commission considered the information at its disposal and made a preliminary determination that the dumping of the subject product originating in or imported from the PRC is taking place.

5. MATERIAL INJURY

5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The injury information relates to information provided by the PFG Building Glass, a division of PG Group (Pty) Ltd, constituting more than 50 percent of the SACU industry production of the subject product.

The Commission made a preliminary determination that this constitutes “a major proportion” of the total domestic production, in accordance with Regulation 7 of the ADR.

5.2 MATERIAL INJURY ANALYSIS

The injury information presented below relates to the evaluation of data for the period 01 April 2018 to 31 March 2021.

5.3 IMPORT VOLUMES AND EFFECT ON PRICES

5.3.1 Import Volumes

The following table shows the volume of the allegedly dumped imports of the subject product as sourced from the SARS for the period 01 April 2018 to 31 March 2021.

Table 5.3.1: Import volumes

m²	2018/19	2019/20	2020/21
Alleged dumped imports from PRC	518 129	763 089	1 090 816
Other Imports	32 289	154 601	21 973
Total Imports	550 419	917 690	1 112 789
Alleged dumped imports as a % of total Imports:	94.13%	83.15%	98.03%
Other imports as a % of total imports	5.87%	16.85%	1.97%
Total Imports	100%	100%	100%

Information in Table 5.3.1 above shows that the alleged dumped imports volume from the PRC increased by 47.28% from 2018/19 to 2019/20, further increased by 42.95% from 2019/20 to 2020/21 and overall increased by 110.53% during the period of investigation (POI). Imports from other countries increased by 378.80% from 2018/19 to 2019/20, decreased by 85.79% from 2019/20 to 2020/21 and overall decreased by 31.95% during the POI.

5.3.2 Growth of the subject imports

Table 5.3.2: Growth of the subject imports

	2018/19	2019/20	2020/21
Subject imports/domestic production: (%)	100	189	293
Subject imports/domestic consumption: %	100	177	286

The figures were indexed due to confidentiality using 2018/19 as a base year.

Table 5.3.2 above shows that the volume of the subject imports relative to production and consumption increased over the period of investigation.

5.3.3 Effect on Domestic Prices

5.3.3.1 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 of the imported product is determined based on the landed cost. Landed cost was calculated based on the FOB export price plus cost of freight, insurance and clearing costs, plus 15% ordinary customs duties.

It was found that the applicant experienced price undercutting during the investigation period for material injury.

5.3.3.2 Price depression

Price depression takes place where the SACU industry's ex-factory selling price decreases during the investigation period. The ex-factory prices applicable to the subject product are as follows:

Table 5.3.3.2: Price depression

R/ m²	2018/19	2019/20	2020/21
Applicant's ex-factory selling price	100	95	102

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 5.3.3.2 above indicates that the applicant's ex-factory selling prices slightly increased during the period of investigation. The applicant stated that its selling prices decreased from 2018/19 to 2019/20, as a result of pressure from the dumped imported products on the SACU industry, the decrease was made in an attempt to regain lost market share by the SACU industry. However, due to increasing costs since 2018/19, the applicant could not continue to depress its selling prices and therefore increased its selling prices in 2020/21, to recover costs.

5.3.3.3 Price suppression

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

Table 5.3.3.3: Price suppression

R/ m²	2018/19	2019/20	2020/21
App's ex-factory selling price	100	95	102
Production cost	100	102	109
Gross profit per m²	100	34	41
Cost of production as a % of ex-factory selling price	100	107	107

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 5.3.3.3 above shows that the average cost of production as a percentage of selling price increased during the period of investigation.

5.3.4 IMPACT OF THE DUMPED IMPORTS ON THE SACU INDUSTRY

5.3.4.1 Actual and potential decline in sales volumes

The following table shows the applicant's SACU sales volumes of the subject product for the period of investigation:

Table 5.3.4.1: Sales volumes

(m²)	2018/19	2019/20	2020/21
Applicant's sales volume	100	83	74

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.4.1 above indicates that the applicant's sales volumes decreased by 17 index points from 2018/19 to 2019/20, decreased further by 9 index points from 2019/20 to 2020/21 and overall decreased by 26 index points during the period of investigation.

The applicant stated that the decreasing sales volume trend indicates that the SACU industry is suffering material injury. The applicant also stated that this trend occurred despite a decrease in its selling price in 2020. The applicant further stated that as costs and losses escalated, further price reductions were not an option for 2021.

5.3.4.2 Actual and potential decline in sales values

The following table shows the applicant's SACU ex-factory sales values of the subject product for period of investigation:

Table 5.3.4.2: Sales values

(m²)	2018/19	2019/20	2020/21
Applicant's sales value	100	79	75

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.4.2 above indicates that the applicant's sales values decreased by 21 index points from 2018/19 to 2019/20, decreased further by 4 index points from 2019/20 to 2020/21 and overall decreased by 25 index points during the period of investigation.

5.3.4.3 Profit

The following table shows applicant's profit situation applicable to the period of investigation:

Table 5.3.4.3: Profit

	2018/19	2018/20	2020/21
Gross profit (R)	100	30	30
Net Profit (R)	100	(62)	(54)
Gross Profit Margin	100	37	40
Net profit margin	100	(62)	(54)

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.4.3 above indicates that the applicant's gross profit margin decreased by 63 index points from 2018/19 to 2018/19, increased slightly by 3 index points from 2019/20 to 2020/21 and overall decreased by 60 index points during the period of investigation.

The applicant experienced a negative net profit margin from 2018/19 to 2019/20, then a slight improvement in the negative margin from 2019/20 to 2020/21 and overall, the applicant's net profit margin during the period of investigation was negative.

5.3.4.4 Market share

The following table provides market share for the subject product based on sales and import volumes:

Table 5.3.4.4: Market share

(m ²)	2018/19	2019/20	2020/21
Applicant's market share	100	86	78
Other SACU producers' market share	100	87	79
Total SACU market share	100	83	74
Alleged dumped import's market share	100	153	224
Imports from other countries market share	100	495	72

The figures were Indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.4.4 above indicates that the applicant's market share decreased by 14 index points from 2018/19 to 2019/20, decreased further by 8 index points from 2019/20 to 2020/21 and overall decreased by 22 index points during the period of investigation. The market share of the alleged dumped imports increased by 53 index points from 2018/19 to 2019/20, increased further by 71 index points from 2019/20 to 2020/21 and overall increased by 124 index points during the period of investigation. The market share of imports from other countries increased by 395 index points from 2018/19 to 2019/20, decreased by 423 index points from 2019/20 to 2020/21 and overall decreased by 28 index points during the period of investigation.

5.3.4.5 Output

The following table shows applicant's total output of the subject product:

Table 5.5.3: Output in m²

(m ²)	2018/19	2019/20	2020/21
Applicant's output	100	78	72

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.4.5 above indicates that the applicant's output of the subject product decreased by 22 index points from 2018/19 to 2019/20, decreased further by 6 index points from 2019/20 to 2020/21 and overall decreased by 28 index points during the period of investigation.

The applicant stated that the loss in sales that occurred over the period of investigation as a result of dumped imports, forced it to reduce its production to prevent stock build-up and reduce inventory levels.

5.3.4.6: Productivity

The following table provides SACU industry's productivity based on output and number of employees in production:

Table 5.3.4.6: Productivity

	2018/19	2019/20	2020/21
Applicant's total production (m ²)	100	78	72
No. of employees (production)	100	96	96
Productivity per employee	100	81	78

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.4.6 above indicates that total productivity per employee decreased by 19 index point from 2018/19 to 2019/20, decreased further by 3 index points from 2019/20 to 2020/21 and overall declined by 22 index points during the period of investigation.

The applicant stated that its productivity declined due to decreases in production of the subject product and despite a decrease in production employees for the period of investigation. The applicant further stated that the decline in sales over the period of

investigation exerted pressure on the SACU industry which resulted in decreases in the production volume and ultimately declining productivity.

5.3.4.7 Employment

The following table provides the applicant's total employment figures:

Table 5.3.4.7: Employment

	2018/19	2019/20	2020/21
Number of employees (manufacturing)	100	96	96

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.4.7 indicates that the number of employees involved in manufacturing decreased by 4 index points from 2018/19 to 2019/20, remained constant from 2019/20 to 2020/21 and overall decreased by 4 index points during the period of investigation.

5.3.4.8 Utilisation of production capacity

The following table provides the applicant's capacity utilisation based on a specific yield and load that depends on the products that are manufactured:

Table 5.3.4.8: Utilisation of production capacity

(m ²)	2018/19	2019/20	2020/21
Applicant's total Capacity	100	100	100
Actual production	100	78	72
Capacity utilisation %	100	78	72

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.4.8 above indicates that the applicant's capacity utilisation decreased by 22 index points from 2018/19 to 2019/20, decreased further by 6 index points from 2019/20 to 2020/21 and overall decreased by 28 index points during the period of investigation.

5.3.4.9 Return on Investment

The following table shows applicant's return on investment on the subject product:

Table 5.3.4.9: Return on Investment

(Rands)	2018/19	2019/20	2020/21
Applicant's net profit	100	(62)	(54)
Applicant's total net assets	100	91	73
Return on net asset	100	(147)	(135)

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.4.9 above indicates that return on net assets declined from a positive figure in 2018/19 to a negative one in 2019/20, the applicant experienced a slight improvement in the negative return on assets from 2019/20 to 2020/21 and overall experienced negative return on assets during the period of investigation.

5.3.4.10 Factors affecting domestic prices

As indicated in paragraphs 5.3.3.1 and 5.3.3.3 of this report the applicant experienced price suppression and price undercutting.

5.3.4.11 Margin of dumping

A margin of dumping of 251.26% as percentage of the ex-factory export price was calculated for the subject product.

5.3.4.12 Actual and potential negative effects on cash flow

The table below outlines net cash flow applicable to the subject product:

Table 5.3.4.12: Cash flow

(Rands)	2018/19	2019/20	2020/21
Applicant's Incoming Cash flow	100	86	93
Applicant's outgoing Cash flow	100	87	81
Applicants Net cash flow	100	65	0

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.4.12 above indicates that the applicant's net cash flow decreased by 35 index points from 2018/19 to 2019/20, decreased further by 65 index points from 2019/20 to 2020/21 and overall decreased by 100 index points during the period of investigation.

The applicant stated that the decline in net cash flow was brought about by the volume decreases over the same period, combined with increased costs.

5.3.4.13 Inventories

The following table provides the SACU industry's inventory volumes of the subject product:

Table 5.3.4.13: Inventories

	2018/19	2019/20	2020/21
Applicant's inventory volume (m ²)	100	52	36
Inventory value(R)	100	55	42

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.4.13 above indicates that the average inventory volumes decreased by 48 index points from 2018/19 to 2019/20, decreased further by 16 index points from 2019/20 to 2020/21 and overall decreased by 64 index points during the period of investigation.

The average inventory value decreased by 45 index points from 2018/19 to 2019/20, decreased further by 13 index points from 2019/20 to 2020/21 and overall decreased by 58 index points during the period of investigation.

The applicant stated that it should be noted that no production took place in April and May 2020 due to the COVID-19 national lock down restrictions, although essential services driven sales took place in May 2020. This resulted in a reduction in inventory from April to May 2020. The applicant also stated that the inventory level for the subject product fluctuated over the remainder of the period, caused by market demand factors, sales volumes, and production levels.

5.3.4.14 Wages

The following table provides the SACU industry's annual wages:

Table 5.3.4.14: Wages

(Rands)	2018/19	2019/20	2020/21
Applicant's wages (production employees)	100	107	97

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.4.14 above indicates that wages increased by 7 index points from 2018/19 to 2019/20, then decreased by 10 index points from 2019/20 to 2020/21 and overall decreased by 3 index points during the period of investigation.

5.3.4.15 Ability to raise capital or investments

The following table provides SACU industry's ability to raise capital and investments:

Table 5.5.15: Ability to raise capital or Investments

(R)	2018/19	2019/20	2020/21
Capital investment on the subject product	100	102	103
Capital expenditure on the subject product	100	2 076	504

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.4.15 above indicates that capital investment on the subject product increased by 2 index points from 2018/19 to 2019/20, remained fairly constant from 2019/20 to 2020/21 and overall increased by 3 index points during the period of investigation. Capital expenditure on the subject product increased by 1 976 index points from 2018/19 to 2019/20, decreased by 1 571 index points from 2019/20 to 2020/21 and overall increased by 404 index points during the period of investigation.

5.3.4.16 Growth

The following table shows size of the SACU market:

Table 5.3.4.16: Growth

(m²)	2018/19	2019/20	2020/21
Applicant's market share	100	83	74
Other SACU producers' market share	100	83	74
Alleged dumped imports market share	518 129	763 089	1 090 816
Imports from other countries	32 289	154 601	21 973
Size of the SACU market	100	96	94

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.4.16 above shows that the size of the SACU market decreased by 6 index points during the period of investigation. The SACU industry sales volumes and the volume of imports from other countries decreased in a decreasing market during the period of investigation. By contrast, the volume of the alleged dumped imports increased by a noteworthy 110.53%.

Summary – Material injury

Based on the above information, the evaluation of the injury information of the applicant for the period 01 April 2018 to 31 March 2021 is summarised as follows:

The applicant suffered injury with regard to the following:

- Price undercutting/suppression;
- Decline in profitability;
- Decline in output;
- Decline in employment;
- Decline in productivity;
- Decline in sales volumes;
- Loss in market share;
- Decline in capacity utilisation;
- Negative return on investment;
- Decline in capital expenditure; and
- Decline in cash flow.

Based on this information the Commission made a preliminary determination that the SACU industry is suffering material injury as a result of alleged dumped imports from the PRC.

6. THREAT OF MATERIAL INJURY

The applicant provided the following information in its substantiation of threat of material injury:

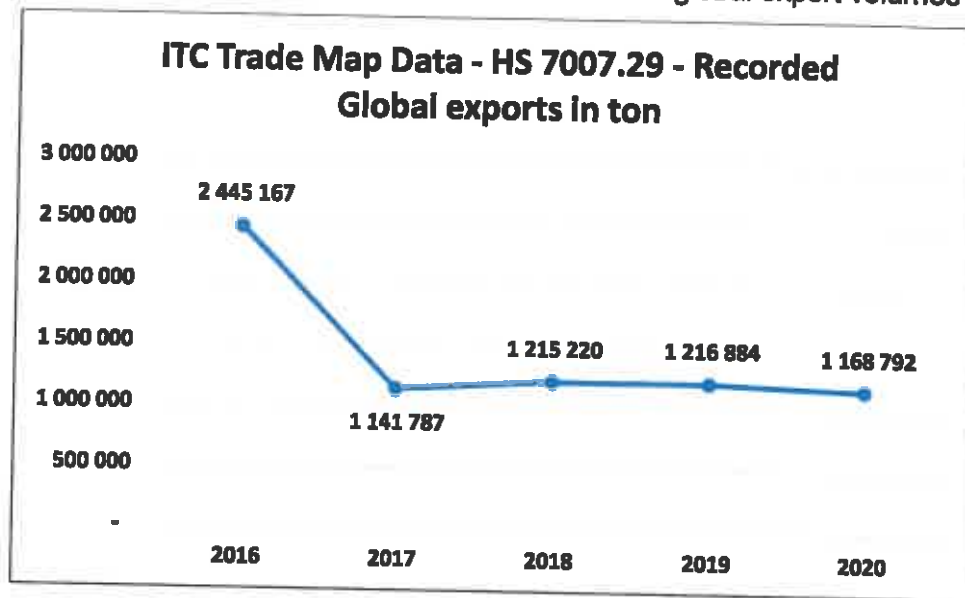
6.1 Freely Disposable Capacity of the exporter

The applicant provided the following information regarding freely disposable capacity of the exporter:

The applicant stated that it does not know the actual capacity of factories in China however in light of the increasing trend in global exports from China, as per the International Trade Centre, Trade statistics for international business development ("Trade Map Data") data set, as well as offerings to the SACU market, it would suggest that there is substantial disposable capacity in China.

To substantiate the assertion that there is substantial disposable capacity, the applicant indicated that there are numerous glass lamination operations in China, many of which have large production capacities, such as 5,000 square metres per day (annual potential in excess of 1,500,000 square metres, with the website Made-in-china.com identifying 7,328 laminated glass manufacturers and suppliers, any number of which is capable of supplying product to the SACU market. The applicant also indicated that from the ITC Trade Map data recorded in tons of laminated glass classifiable HS 7007.29, exported by producing countries to other world countries in the world for the period 2016 to 2020, freely disposable capacity does exist (see Graph F1 below). The recorded 2020 tonnage volume is only 47.80 percent of the 2016 volume, which indicates that considerable additional capacity does exist in China.

Graph F1: ITC Trade Map data of China recorded global export volumes in ton



It needs to be pointed out that the countries' data that were recorded in sqm square metres and not in tons, are not included as part of the Graph F1 data, as the bulk of the recording was done in tons. Thus, the actual tonnage volume will be even higher than what has been reflected in the ITC Trade Map data. The resulting effect is that the Chinese laminated glass industry's production capacity is well in excess of its domestic market needs and exports are the logical option to channel its trade surplus and prevent unnecessary stock build up, with the African continent and especially SACU offering lucrative export opportunities.

The applicant also indicated that although it does not have detailed information on the current conditions in China, there is a worldwide over capacity of float glass as a result of the global slowdown, which will also have an impact on the downstream value-added laminated glass products. Therefore, there will be excess capacity available, in especially the Middle East, EU and Asia. Supply chain interruptions appear to have limited the availability of float glass in April and May 2020, but imports have increased once again from June 2020.

6.2 Significant Increase of allegedly dumped imports into the SACU market

The applicant provided the following information regarding significant increase of allegedly dumped imports:

- As long as import prices of the subject products are offered at prices that undercut the domestically produced SACU product price, the demand for the imported product will continue to increase.
- Imports from China of the subject product experienced year-on year increases over the POI, with the increase from 2019 of 518,129 sqm to 1,090,816 sqm in 2021, presenting a growth of 110.53 percent. Chinese imports experienced a growth of 47.28 percent in 2020 from 2019 and the growth from 2020 to 2021 was 42.95 percent.
- Imports from Other countries experienced a negative growth from 2019 to 2021 of 31.89 percent. A real threat exists in that the subject product imports from China will increase even further for the remainder of 2021 and 2022, if the dumping of the subject product into the SACU market is not addressed.
- Therefore, the applicant expects that it will be subjected to an even bigger assault from China, which would further increase the material injury suffered by it to a level that could result in the closure of laminations in SACU. This is substantiated by the import data provided in the application.

6.3 Prices of Imports which will have a significant depressing or suppressing effect on domestic prices

The applicant provided the following information regarding pricing effects:

- Price depression in 2020 impacted on the profitability of the applicant, causing it to suffer material injury, as well as pose a threat of further material injury that will be suffered, should action to prevent the further dumped imports not take place.
- The applicant referenced price suppression to indicate that the cost to price ratio was very high throughout the POI, with an increasing price suppression trend that existed for the period 2019 to 2021.
- The dumped Chinese imports of the subject product were directly responsible for the applicant to sell at depressed and suppressed prices during the POI. It is therefore evident that the dumped imports from China that increased over the 2019 to 2021 period, caused the SACU industry to suffer material injury.

- There is a real threat that apart from the Chinese imports continuing, it is also expected to continue to increase during the remainder of 2021 and onwards, causing a continuation of material injury. Should the Chinese dumped imports continue to flood the SACU market without being addressed, the applicant's glass operation will be forced to close.

6.4 Exporters inventories

The applicant indicated that it has no data available about the actual inventory levels in China. However, a float glass plant cannot be stopped and started to cater for an increase or decrease in demand. It continues to operate and thus if there is a global slowdown, or if markets are closed, for example the implementation of a trade remedy mechanism, inventories will increase while products are also sold at lower prices on the export market, sometimes below cost of production to recover the cost of production. A similar situation exists regarding laminated glass products, which is a downstream valued added float glass product, as many of the float glass manufacturers also have lamination operations. The reality of the subject product being exported from China to South Africa at dumped prices, substantiates the likelihood that significant inventories exist in China and that these factories are trying to recover invested cost in the value-added laminated products, especially when there is over-supply in the market.

6.5 The state of the economy of the PRC and its influence on the operations of manufacturers/exporters

The applicant provided the following information regarding the state of the PRC economy and its influence on the operations of manufacturers/exporters:

- The economy of the PRC, described as socialism with Chinese characteristics since the 12th National Congress of the Communist Party of China in 1982, is a mixed socialist market economy, composed of State-Owned Enterprises ("SOE's"), domestic and foreign private businesses and uses economic planning.
- The income generated by state-owned enterprises accounted for about 40 percent of China's Gross Domestic Product ("GDP") of US\$14.4 trillion in 2019, with domestic and foreign private businesses and investment accounting for the remaining 60

percent. As of the end of 2019, the total assets of all China's SOE's, including those operating in the financial sector, reached US\$78.08 trillion. Ninety-one (91) of these SOE's belong to the 2020 Fortune Global 500 companies.

- Direct foreign investment in China, which totalled about US\$1.6 trillion as of the end of October 2016, directly and indirectly contributed about one-third of China's GDP and a quarter of jobs there. As of the end of June 2020, Foreign Direct Investment ("FDI") stock in China reached US\$2.947 trillion, and China's outgoing FDI stock stood at US\$2.128 trillion. Total foreign financial assets owned by China reached US\$7.860 trillion, and its foreign financial liabilities US\$5.716 trillion, making China the second largest creditor after Japan in the world.
- Currently China is the second largest economy in the world by nominal GDP. China has the world's fastest-growing major economy, with growth rates averaging 10 percent over 30 years. An official forecast has stated that China is set to overtake the United States as the world's biggest economy by 2028, half a decade sooner than expected.
- China has four of the top ten most competitive financial centres (Shanghai, Hong Kong, Beijing, and Shenzhen) in the 2020 Global Financial Centres Index, more than any other country. China has three out of the ten world's largest stock exchanges—Shanghai, Hong Kong and Shenzhen by market capitalization and trade volume. As of October 12, 2020, the total market capitalization of Mainland Chinese stock markets, consisting of the Shanghai Stock Exchange and Shenzhen Stock Exchange, topped US\$10 trillion, excluding the Hong Kong Stock Exchange, with about US\$5.9 trillion.
- As of the end of June 2020, foreign investors had bought a total of US\$440 billion in Chinese stocks, representing about 2.9 percent of the total value, and indicating that foreign investors scooped up a total of US\$156.6 billion in the stocks just in the first half of 2020.
- The total value of China's bond market topped US\$15.4 trillion, ranked above that of Japan and the U.K., and second only to that of the U.S. with US\$40 trillion, as of the beginning of September 2020. As of the end of September 2020, foreign holdings of

Chinese bonds reached US\$388 billion, or 2.5 percent, of the total value, notwithstanding an increase by 44.66 percent year on year.

- The economy, as of 2019, ranked as the second largest in the world by nominal GDP and as of 2017 the largest in the world by purchasing power parity. China has the world's fastest-growing major economy, with growth rates averaging 10 percent over 30 years.
- China is currently the world's largest manufacturing economy and exporter of goods. It is also the world's fastest-growing consumer market and second-largest importer of goods.

Based on the information above, the Commission made a preliminary determination that a threat of material injury to the SACU industry, as a result of alleged dumped imports from the PRC, exists.

7. CAUSAL LINK

7.1 GENERAL

In order for the Commission to impose provisional measures, it must be satisfied that there is sufficient evidence to indicate that material injury and or threat thereof experienced by SACU industry is a result of the dumping of the subject product.

The following relevant factors are evaluated to establish whether there is a causal link between the alleged dumped imports and material injury.

7.2 VOLUME OF IMPORTS AND MARKET SHARE

An indication of causality is the extent of the increase in volume of imports and the extent to which the market share of the domestic industry has decreased since the commencement of injury, with a corresponding increase in the market share of imports.

7.2.1 Imports volumes

The following table shows imports volumes of the subject product:

Table 7.2.1: Import volumes

m²	2018/19	2019/20	2020/21
Alleged dumped imports: PRC	518 129	763 089	1 090 817
Imports from other countries	32 289	154 601	21 973
Total Imports	550 418	917 690	1 112 789
Alleged dumped net imports as a % of total imports:	94,13%	83,15%	98,03%
Other net imports as a % of total imports	5,87%	16,85%	1,97%
Total Imports	100%	100%	100%

Information in Table 7.2.1 above indicates that the alleged dumped import volumes for the subject product increased by 47.28% from 2018/19 to 2019/20, further increased by 42.95% in 2020/21 and over the period of investigation increased significantly by 110.53%. The alleged dumped imports accounted for 98.03% of all imports of the subject product in 2020/21.

7.2.2 Market share

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

Table 7.2.2: Total market share

(m²)	2018/19	2019/20	2020/21
Applicant's share as % of total market	100	86	78
Alleged dumped imports share as % of total market	100	153	224
Other SACU producers share as % of total market	100	87	79
Imports from other countries	100	495	72
Size of the SACU market	100	96	94

The figures were Indexed due to confidentiality using 2018/19 as a base

Information in Table 7.2.2 above indicates that during the period of investigation the alleged dumped imports market share increased by 124 index points whilst the applicant's market share decreased by 22 index points. Imports from other countries' market share decreased by 28 index points, over the same period.

The Commission also considered that although the size of the SACU market declined over the period of investigation, subject imports still constitute a substantial portion of the market.

7.3 EFFECT OF DUMPED IMPORTS ON PRICES

Paragraph 5 of this report shows that the applicant experienced price undercutting and price suppression.

7.4 CONSEQUENT IMPACT OF ALLEGED DUMPED IMPORTS

The applicant suffered injury with regard to the following material injury indicators:

Table 7.4: Material Injury Indicators

	Analysis (2018/19 – 2020/21)
Price undercutting (R)	Positive
Price suppression	Increased
Sales volume (m²)	Decreased
Profits (R)	Negative
Output (m²)	Decreased

	Analysis (2018/19 – 2020/21)
Capacity utilisation	Decreased
Market share (applicant)	Decreased
Productivity (m ²)	Decreased
Return on Investment	Negative
Applicant's Growth	Decreased
Inventories (R)	Decreased
Employment	Decreased
Net Cash flow	Decreased

7.5 FACTORS OTHER THAN DUMPING CAUSING MATERIAL INJURY

Table 7.5: Examination of causality under Article 3.5 of the antidumping agreement

	2018/19	2019/20	2020/21	% Change POI
FOB prices of imports not sold at dumping prices (R/m²)	341,73	52,90	255,52	-86.21
Volume of imports not sold at dumping prices (m²)	32 289	154 601	21 973	-10 316
Changes in demand or patterns of consumption	The Commission noted that demand has been relatively stable but is under increasing pressure owing to the effects of the SACU economic downturn.			
Trade-restrictive practices of foreign and domestic producers	The Commission noted that the applicant is not aware of any trade restrictive practices.			
Developments in technology	The Commission noted that there were no known recent developments in technology that would place the applicant at a disadvantage.			
Export performance of the domestic industry	The Commission noted that the applicant does export to African countries outside SACU.			
Productivity of the domestic industry	The Commission noted the assertion by the applicant that its productivity compares favourably with its competitors, however due to the alleged dumped imports its productivity has been affected via decreased production.			

	2018/19	2019/20	2020/21	% Change POI
Indicate any other factors affecting the SACU prices	The Commission noted the assertion by the applicant's that it is not aware of any other factors affecting the SACU sales and prices.			
Strikes, go-slows or lock-outs during the past twelve calendar months	The Commission noted that the applicant did not experience any labour actions that impacted negatively on production.			

Based on the information above, the Commission made a preliminary determination that there is a causal link between the alleged dumped imports and material injury and a threat of material injury suffered by the SACU industry and there were no other factors detracting from causal link.

8. SUMMARY OF FINDINGS

8.1 Dumping

The Commission made a preliminary determination that the dumping of the subject product originating in or imported from the PRC is taking place. A dumping margin of 251.26 percent was calculated.

8.2 Material Injury

The Commission found that the applicant suffered material injury in the form of:

- Price undercutting/suppression;
- Decline in profitability;
- Decline in output;
- Decline in productivity;
- Decline in capacity utilisation;
- Negative return on investment;
- Loss in market share;
- Decline in sales;
- Decline in employment; and
- Negative cash flow.

8.3 Threat of material Injury

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

8.4 Causal Link

The Commission found that there is a causal link between the alleged dumped imports of the subject product originating in or imported from the PRC and the material injury suffered by the SACU industry and there were no other factors detracting from causal link.

9. PROVISIONAL PAYMENTS

There were no responses to the Commission's questionnaire nor comments received from producers and exporters in the PRC. According to the ADR, where the SACU industry has supplied the required information and the exporter or foreign producer does not co-operate within the time frames contemplated, the Commission may rely on the facts available to reach its preliminary decision. The facts available in this instance are the information considered by the Commission for merit determination, being the information provided by the applicant.

9.1 Calculation of duty

The Commission found that all the requirements for the imposition of provisional measures have been fulfilled. The dumping margin as a percentage of FOB export price was determined to be 232.78% based on the information provided by the applicant.

9.2 Lesser duty

The Commission considered that there were no responses to the Commission's importer and exporter questionnaires, and therefore the lesser duty rule was not applied.

9.3 Amount of provisional payments

The amount of the provisional measures was determined to be 232.78% *ad valorem*.

10. PRELIMINARY DETERMINATION

The Commission made a preliminary determination that:

- Dumping of the subject product originating in or imported from the PRC is taking place;
- The SACU industry is experiencing material injury and a threat of material injury; and
- A causal link between the alleged dumped imports and material injury and a threat of material injury suffered by the SACU industry exists.

The Commission therefore decided to request the Commissioner of SARS to impose provisional payments of 232.78% for a period of six months on laminated safety glass originating in or imported from the PRC classifiable under the following tariff sub-heading:

Tariff Sub-heading	
70.07	Safety glass, consisting of toughened (tempered) or laminated glass:
7007.2	- - Laminated safety glass
7007.29	- - Other

Interested parties will be invited to submit comments and make presentations on the preliminary determination within the specified time periods, the Commission will consider prior to making its final determination and recommendation to the Minister of Trade, Industry and Competition.