

REPORT NO. 683

INVESTIGATION INTO THE ALLEGED DUMPING OF CLEAR FLOAT GLASS OF A THICKNESS OF 3MM, 4MM, 5MM, 6MM, 8MM, 10MM AND 12MM ORIGINATING IN OR IMPORTED FROM MALAYSIA: FINAL DETERMINATION

The International Trade Administration Commission of South Africa herewith presents its
Report No. 683: **INVESTIGATION INTO THE ALLEGED DUMPING OF CLEAR FLOAT
GLASS OF A THICKNESS OF 3MM, 4MM, 5MM, 6MM, 8MM, 10MM AND 12MM
ORIGINATING IN OR IMPORTED FROM MALAYSIA: FINAL DETERMINATION**


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INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

INVESTIGATION INTO THE ALLEGED DUMPING OF CLEAR FLOAT GLASS OF A THICKNESS OF 3MM, 4MM, 5MM, 6MM, 8MM, 10MM AND 12MM ORIGINATING IN OR IMPORTED FROM MALAYSIA: FINAL DETERMINATION

SYNOPSIS

On 19 March 2021, the International Trade Administration Commission of South Africa (the Commission) initiated an investigation into the alleged dumping of clear float glass of a thickness of 3mm, 4mm, 5mm, 6mm, 8mm, 10mm and 12mm (the subject products) originating in or imported from Malaysia through Notice Number 123 of 2021, which was published in the *Government Gazette* Number 44293.

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

The investigation was initiated after the Commission considered that there was *prima facie* evidence to show that the subject products were 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 products in Malaysia were sent a non-confidential version of the application, initiation notice and foreign manufacturers/exporter's questionnaires to complete. Known importers of the subject products in SACU were also sent a non-confidential version of the application, initiation notice and the importer's questionnaires to complete.

There were no responses to the Commission's questionnaires from importers, producers and exporters of the subject products. Comments were received from an importer of the subject products.

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 interested parties' comments, the Commission made a preliminary determination that the subject products originating in or imported from Malaysia 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 South African Revenue Service (SARS) to impose provisional payments of 25.31% for a period of six months to protect the domestic industry while the investigation continues.

The preliminary determination was published on 20 August 2021, interested parties were notified of the preliminary determination on 23 August 2021, and comments solicited from them. The applicant, alone, provided comments on the preliminary determination. Other parties made enquiries and submissions to the investigation after due date for comments.

The Commission made a final determination before essential facts, and sent essential facts letters to interested parties, allowing them to comment on the Commission's considerations. The applicant commented to the Commission's essential facts letters.

After considering all comments and submissions, the Commission made a final determination that clear float glass of a thickness of 3mm, 4mm, 5mm, 6mm, 8mm, 10mm and 12mm (the subject products) originating in or imported from Malaysia was being dumped, causing material injury and/or threatening to cause material injury to the SACU industry. The Commission therefore decided to recommend to the Minister of Trade, Industry and Competition that definitive anti-dumping duties on the subject products originating in or imported from Malaysia be imposed.

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 100 percent of the SACU industry production of the subject products.

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 10 March 2021. The trade representatives of Malaysia were advised accordingly.

1.4 ALLEGATIONS BY THE APPLICANT

The applicant alleged that imports of the subject products originating in or imported from Malaysia were 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 products were exported to SACU at prices less than the normal value in the country of origin. The applicant alleged that as a result of dumping of the subject products from Malaysia, the SACU industry is suffering material injury in the form of:

- Price suppression;
- Price depression;
- Declining sales volume;
- Declining market share;
- Losses and/or declining profits;
- Production decline;
- Declining productivity;

- Declining return on investment;
- Declining utilisation of production capacity;
- Negative impact on cash flow;
- Impact on inventory levels; and
- Slowdown in growth.

1.5 INVESTIGATION PROCESS

- 1.5.1** The application was received by the Commission on 08 January 2021. The material injury information submitted by the applicant was verified on 04 February 2021.
- 1.5.2** The trade representatives of Malaysia were notified of the Commission's receipt of 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 the subject products originating in or imported from Malaysia through Notice Number 123 of 2021, which was published in the *Government Gazette* Number 44293 on 19 March 2021.
- 1.5.4** On 23 March 2021 after initiation, all known interested parties were informed and requested to respond to the relevant questionnaires and the non-confidential version of the application.
- 1.5.5** The preliminary determination was published on 20 August 2021, interested parties were notified of the preliminary determination on 23 August 2021.
- 1.5.6** The Commission made a final determination before essential facts and sent out essential facts letters on 20 October 2021, with the deadline for comments being 03 November 2021.

1.6 INVESTIGATION PERIODS

The investigation period for dumping is 01 October 2019 to 30 September 2020. The investigation period for material injury involved the evaluation of data for the period is 01 October 2017 to 30 September 2020.

1.7 FOREIGN MANUFACTURERS/EXPORTERS

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

1.8 SACU IMPORTERS

No importers of the subject products responded to the Commission's importer questionnaire. Comments were received from Nelson Glass and Mirrors, an importer of the subject products.

1.9 PRELIMINARY DETERMINATION

The Commission made a preliminary determination at its Commission meeting of 08 June 2021. After considering all information at its disposal and comments received, the Commission made a preliminary determination that the subject products originating in or imported from Malaysia 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 SARS to impose provisional payments of 25.31% on imports of the subject products classifiable under tariff subheadings: 7005.29.17; 7005.29.23; 7005.29.25; 7005.29.35; 7005.29.45; 7005.29.55 and 7005.29.65 originating in or imported from Malaysia for a period of six months to protect the domestic industry while the investigation continues.

The Commission's preliminary determination was sent out to interested parties for comments. Comments on the Commission's preliminary report were received from the applicant.

1.10 A letter of essential facts detailing the Commission's consideration was sent to interested parties for comments. Comments to the essential facts were received from the applicant.

1.11 After considering the submitted information, parties' comments and representations in respect of the preliminary determination and "essential facts", the Commission made

a final determination that the subject products from Malaysia was being dumped into the SACU market causing material injury to the SACU industry.

- 1.12** The Commission therefore decided to recommend to the Minister of Trade, Industry and Competition that definitive anti-dumping duties of 25.31% *ad valorem* on imports of clear float glass of a thickness of 3mm, 4mm, 5mm, 6mm, 8mm, 10mm and 12mm, classifiable under tariff sub-headings 7005.29.17; 7005.29.23; 7005.29.25; 7005.29.35; 7005.29.45; 7005.29.55; and 7005.29.65 originating in or imported from Malaysia.

All submissions made by interested parties are contained in the Commission's public file for this investigation and are available for perusal. It should be noted that this report does not purport to present all comments received and considered by the Commission. However, some of the salient comments received from interested parties and the Commission's consideration of these comments are specifically included in this report.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Description

The applicant described the subject products as clear float glass of a thickness of 3mm, 4mm, 5mm, 6mm, 8mm, 10mm and 12mm.

2.1.2 Country of Origin

The subject products are originating in or are imported from Malaysia.

2.1.3 Tariff Classification

The subject products are classifiable under the following tariff subheadings:

Table 2.1.3: Tariff classification of the subject products

Tariff heading	Tariff subheading	Description	Statistical unit	Rate of duty					
				General	EU	EFTA	SADC	MERCUSOR	AfCFTA
70.05									
Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked:									
7005.29									
Other:									
	7005.29.17	Of a thickness exceeding 2.5 mm but not exceeding 3 mm (excluding solar glass and optical glass)	m ²	10%	free	free	free	10%	8%
	7005.29.23	Of a thickness exceeding 3 mm but not exceeding 4 mm (excluding solar glass and optical glass)	m ²	10%	free	free	free	10%	8%
	7005.29.25	Of a thickness exceeding 4 mm but not exceeding 5 mm (excluding solar glass and optical glass)	m ²	10%	free	free	free	10%	8%
	7005.29.35	Of a thickness exceeding 5 mm but not exceeding 6 mm (excluding solar glass and optical glass)	m ²	10%	free	free	free	10%	8%

Tariff heading	Tariff subheading	Description	Statistical unit	Rate of duty					
	7005.29.45	Of a thickness exceeding 6 mm but not exceeding 8 mm (excluding solar glass and optical glass)	m ²	10%	free	free	free	10%	8%
	7005.29.55	Of a thickness exceeding 8 mm but not exceeding 10 mm (excluding solar glass and optical glass)	m ²	10%	free	free	free	10%	8%
	7005.29.65	Of a thickness exceeding 10 mm but not exceeding 12 mm (excluding solar glass and optical glass)	m ²	10%	free	free	free	10%	8%

2.1.4 Other applicable duties and rebates

The applicant stated that there are no rebates provisions on clear float glass.

2.1.5 Possible tariff loopholes

The applicant stated that:

- float glass (70.05) can easily be imported and cleared as drawn glass (70.04.90.90). It has happened before when anti-dumping duties on float glass were circumvented by being cleared as drawn glass, and this is why it was regarded as imperative to impose anti-dumping duties on drawn glass as well when such duties are imposed on float glass, as has been the practice in previous investigations.
- In this regard it is important to note that the primary objective in submitting this application is to forestall a recurrence of injurious dumping of clear float glass into the SACU market. In previous applications and reviews, the Commission has introduced anti-dumping measures also on drawn glass, as a necessary adjunct to prevent circumvention of the anti-dumping duties on float glass, notwithstanding that specific domestic and export price data, and other data for drawn glass were not furnished. This practice is therefore an accepted and established methodology. The description of drawn and blown glass in sheets, whether or not having an absorbent or reflecting layer, but not otherwise worked classified as follows:

Table 2.1.5: Possible tariff loopholes

Tariff heading/ Sub-heading	Description	Statistical unit	Rate of duty					
			General	EU	EFTA	SACU	MERCUSOR	AFCTA
70.04	Drawn glass and blown glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked:							
7004.90	Other Glass							
7004.90.90	Other	m²	free	free	free	free	free	free

Comments from applicant on possible tariff loopholes resulting from drawn glass

The applicant indicated that drawn glass should be subject to anti-dumping duties, as it would be easy to circumvent the dumping duties when only imposed on clear float glass, as importers may import the subject products under the tariff sub-heading for drawn glass.

Commission's consideration

The applicant raised this issue of drawn glass in the application and also in its comments on ITAC's preliminary determination. However, the circumstances regarding previous investigations where drawn glass also had duties imposed on differ from this investigation. The following were noted:

- In the previous investigations initiated in the 1990's against China, India and Israel, and in subsequent sunset reviews against the same countries, the investigation involved both drawn glass and clear float glass. Both their dumping information was provided, hence duties were imposed on both. It is noted that subsequently, in sunset reviews, no information on drawn glass was provided, however the Commission still maintained duties on both. Drawn glass and clear float glass were also once under the same tariff sub-heading.
- In the present investigation, the applicant indicated that drawn glass was included for purposes of combating circumvention, however it provided no dumping information on it. The Commission considered that without pricing information on drawn glass in this current investigation, duties may not be imposed. Further, in examining whether there has been a shift in imports after the imposition of provisional measures, it was found that there were no imports of drawn glass from Malaysia.

2.1.6 Negligibility test

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

Table 2.1.6: Negligibility test

Imports	Import volumes 01 October 2019 to 30 September 2020	Volumes as a % of total Imports
Alleged dumped imports: Malaysia (m ²)	817 190	68%
Other imports (m ²)	389 571	32%
Total imports (m²)	1 206 761	100%

The Commission made a final determination that the volumes of imports from Malaysia are above the negligibility level in terms of Regulation 16.2 of the ADR.

2.1.7 Raw materials

The applicant stated that the raw materials are soda ash, silica sand, limestone, dolomite, electricity and gas.

2.1.8 Production process

The applicant described the production process as follows:

Raw materials such as sand, limestone, soda, dolomite, feldspar and salt cake are mixed and the heated at a temperature of over 1 500 °C. When the materials are melted, they form a viscous liquid called quiescent melt. Clear float glass is then produced by floating molten glass onto a liquid tin bed and then cooling it. As this melt cools, the viscosity increases until the glass becomes hard. If the liquid cools too quickly, the glass does not have time to release stresses. The process is done by heat treatment and is called annealing. This is the latest technology used by manufacturers of flat glass in most countries around the world, and particularly throughout Europe, the Far East, the Middle East and the United States of America.

2.1.9 Technical characteristics and appearance

The applicant stated that the technical characteristics and appearance are a uniform thickness and bright polished surfaces, without the need for further grinding or polishing.

2.1.10 Application or end use

The applicant stated that clear glass is sold in its existing form to glass merchants for general end use applications, such as residential glazing, architectural glazing (industrial and commercial), picture framing and furniture manufacture. It is also used as a basic input for

further processing to enhance the basic product into toughened (heat strengthened), laminated, mirror and automotive glass products for onward sale for use in the automotive, building, industrial and furniture markets.

2.1.11 Substitutability

The applicant stated that the SACU product is fully substitutable with the imported product.

2.2 SACU PRODUCT

2.2.1 Description

The applicant described the SACU products as clear float glass of a thickness of 3mm to 6mm, 8mm, 10mm and 12mm.

2.2.2 Production process

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

Raw materials such as sand, limestone, soda, dolomite, feldspar and salt cake are mixed and heated at a temperature of over 1 500 °C. When the materials are melted, they form a viscous liquid called quiescent melt.

Clear float glass is then produced by floating molten glass onto a liquid tin bed and then cooling it. As this melt cools, the viscosity increases until the glass becomes hard. If the liquid cools too quickly, the glass does not have time to release stresses. The process is done by heat treatment and is called annealing.

This is the latest technology used by manufacturers of flat glass in most countries around the world, and particularly throughout Europe, the Far East, the Middle East and the United States of America. Drawn glass is not manufactured in SACU.

2.2.3 Raw materials

The applicant stated that the raw materials are soda ash, silica sand, limestone, dolomite, electricity and gas.

2.2.4 Technical characteristics and appearance

The applicant stated that the technical characteristics and appearance are a uniform thickness and bright polished surfaces, without the need for further grinding or polishing.

2.2.5 Application or end use

The applicant stated that clear glass is sold in its existing form to glass merchants for general end use applications, such as residential glazing, architectural glazing (industrial and commercial), picture framing and furniture manufacture. It is also used as a basic input for further processing to enhance the basic product into toughened (heat strengthened), laminated, mirror and automotive glass products for onward sale for use in the automotive, building, industrial and furniture markets.

2.3. Like product analysis

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

Table 2.3: Like product determination

	Imported product	SACU product
Raw materials	Soda ash, Silica sand, Limestone, Dolomite, Electricity and Gas.	Soda ash, Silica sand, Limestone, Dolomite, Electricity and Gas.
Production process	Raw materials such as sand, limestone, soda, dolomite, feldspar and salt-cake mixed and the heated at a temperature of over 1 500 °C. When the materials are melted, they form a viscous liquid called quiescent melt. Clear float glass is then produced by floating molten glass onto a liquid tin bed and then cooling it. As this melt cools, the viscosity increases until the glass becomes hard. If the liquid cools too quickly, the glass does not have time to release stresses. The process is done by heat treatment and is called annealing.	Raw materials such as sand, limestone, soda, dolomite, feldspar and salt-cake mixed and the heated at a temperature of over 1 500 °C. When the materials are melted, they form a viscous liquid called quiescent melt. Clear float glass is then produced by floating molten glass onto a liquid tin bed and then cooling it. As this melt cools, the viscosity increases until the glass becomes hard. If the liquid cools too quickly, the glass does not have time to release stresses. The process is done by heat treatment and is called annealing.
Technical characteristics/appearance	In a form of thickness and bright polished surfaces, without the need for further grinding or polishing.	In a form of thickness and bright polished surfaces, without the need for further grinding or polishing.

Application or end use	Clear glass is sold in its existing form to glass merchants for general end use applications, such as residential glazing architectural glazing (industrial and commercial), picture framing and furniture manufacture. It is also used as a basic input for further processing to enhance the basic product into toughened (heat strengthened), laminated, mirror and automotive glass products for onward sale for use in the automotive, building, industrial and furniture markets.	Clear glass is sold in its existing form to glass merchants for general end use applications, such as residential glazing, architectural glazing (industrial and commercial), picture framing and furniture manufacture. It is also used as a basic input for further processing to enhance the basic product into toughened (heat strengthened), laminated, mirror and automotive glass products for onward sale for use in the automotive, building, industrial and furniture markets.
Tariff classification	7005.29.17, 7005.29.23, 7005.29.25, 7005.29.35, 7005.29.45, 7005.29.55 and 7005.29.65	7005.29.17, 7005.29.23, 7005.29.25, 7005.29.35, 7005.29.45, 7005.29.55 and 7005.29.65
Substitutability	The applicant stated that the SACU product is fully substitutable with the imported product.	The applicant stated that the SACU product is fully substitutable with the imported product.

Comments by interested parties on products under investigation

- The applicant is unable to supply the demand as some products are not manufactured locally and a temporary relief is requested in this regard.
- Furthermore, the applicant has implemented price increases on the subject products.
- Importers indicated that the applicant has put importers on rotation as it cannot supply the SACU market, but it is exporting the subject products, neglecting importers.

Applicant's response

- As a result of international supply constraints the global price of glass products has increased therefore importers have turned to SACU manufacturers for supply hence the unexpected temporary supply constrain.
- The price increases referred to are outside the period of investigation.
- There has been an unusual demand which was previously not there from downstream suppliers, and this demand is driven by the fact that there are global supply shortages of the subject products. Downstream users of the subject products are only supplied

based on their previous user requirements because when the applicant was not receiving sufficient orders from them, it sourced to sell to the export market to be sustainable, and therefore has supply agreements with export customers, which are ending, thereafter the SACU market can be fully prioritised.

Commission's consideration

The purpose of the anti-dumping investigation to level the playing field between the alleged dumped product(s) and the SACU product(s) to ensure fair trade. It is not to prohibit imports of the subject product(s). Importers may source the products from Malaysia notwithstanding the dumping duties, and from other countries.

Taking the above into consideration, the Commission made a final determination that the SACU products and the imported products 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 is lodged by PFG Building Glass, a division of PG Group (Pty) Ltd, the only manufacturer of the subject products in 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 Regulation 7.2 of the ADR.

4. DUMPING

METHODOLOGY USED FOR ALL PRODUCERS/ EXPORTERS IN MALAYSIA

There were no responses received from producers and exporters in Malaysia. 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 information supplied by the applicant and contained in the application.

4.1 Normal Value

Methodology in this Investigation

There were no responses received from producers and exporters in Malaysia. The Commission made a final determination that the normal value be determined based on facts available. The facts available in this instance comprise information considered by the Commission for merit determination, being the information supplied by the applicant.

The applicant determined the normal value based on the domestic price in Malaysia. To substantiate the domestic price in the Malaysia, the applicant provided a quotation from a manufacturer. The quotation shows ex-factory selling prices in Malaysian Ringgit (RM) for 3mm, 4mm, 5mm, 6mm, 8mm, 10mm and 12mm thicknesses of the subject products. The domestic price in Malaysian Ringgit (RM) was converted 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 in Malaysia is as follows:

Table 4.1: Normal Value

Tariff Sub-headings	Glass thickness	Ex-factory Normal value (RM/m ²)	Ex-factory Normal value (R/m ²)
7005.29.17	3mm	8.93	34.30
7005.29.23	4mm	9.90	38.02
7005.29.25	5mm	12.02	46.16
7005.29.35	6mm	14.42	55.38
7005.29.45	8mm	19.23	73.85
7005.29.55	10mm	24.5	94.09
7005.29.65	12mm	29.43	113.03

4.2 Export price

There were no responses from producers and exporters from Malaysia. The Commission made a final 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 dumping period. The export price was determined based on the average Free on Board (FOB) export price (EP) per square metre for each tariff-sub-heading.

The average FOB export price for each tariff sub-heading was adjusted with inland freight and transport to arrive at the ex-factory price.

Table 4.2: Export Price

Tariff Sub-headings	Glass thickness	FOB Export price(R/m ²)	Less: Inland Freight & Transport (R/m ²)	Ex-factory Export Price (R/m ²)
7005.29.17	3mm	27.77	2.81	24.96
7005.29.23	4mm	34.35	3.77	30.58
7005.29.25	5mm	42.98	4.76	38.22
7005.29.35	6mm	52.38	5.74	46.64
7005.29.45	8mm	62.31	7.63	54.68
7005.29.55	10mm	84.44	9.58	74.86
7005.29.65	12mm	105.34	11.44	93.90

4.3 Margin of Dumping

The margin of dumping was calculated by subtracting the export price from the normal value of the product (after all the adjustments have been made). The margin is then expressed as a percentage of the FOB 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 for each tariff subheading was determined as follows:

Table 4.3: Margin of Dumping

Tariff-subheading	Glass thickness	Dumping margin as % of ex-factory Export Price
7005.29.17	3mm	37.42%
7005.29.23	4mm	24.40%
7005.29.25	5mm	20.77%
7005.29.35	6mm	18.74%
7005.29.45	8mm	35.06%
7005.29.55	10mm	25.69%
7005.29.65	12mm	20.37%

The weighted average dumping margin as a percentage of the ex-factory export price applicable to all tariff subheadings was determined to be 28.37 percent.

Conclusion

The Commission considered the information at its disposal and made a final determination that the dumping of the subject products originating in or imported from Malaysia 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, which constitutes 100 percent of the SACU industry production of the subject products.

The Commission made a final 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 October 2017 to 30 September 2020.

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 products as sourced from the SARS for the period 01 October 2017 to 30 September 2020.

Table 5.3.1: Import Volumes in square metres

	2017/18	2018/19	2019/20
Total alleged dumped imports: Malaysia	93 102	990 433	817 190
7005.29.17 – 3mm	0	200 369	238 732
7005.29.23 – 4mm	15 325	562 346	434 301
7005.29.25 – 5mm	26 845	65 226	51 712
7005.29.35 – 6mm	19 072	57 189	30 995
7005.29.45 – 8mm	18 610	68 002	49 241
7005.29.55 – 10mm	7 227	18 624	5 778
7005.29.65 – 12mm	6 024	18 676	6 431

Square metres	2017/18	2018/19	2019/20
Other countries	3 361 647	1 901 360	389 571
7005.29.17 – 3mm	1 917 117	1 130 491	102 337
7005.29.23 – 4mm	984 162	377 253	153 049
7005.29.25 – 5mm	167 714	92 306	17 601
7005.29.35 – 6mm	116 586	113 329	30 270
7005.29.45 – 8mm	103 116	99 591	53 929
7005.29.55 – 10mm	26 056	38 655	10 004
7005.29.65 – 12mm	46 896	49 735	22 381
Total imports	3 454 748	2 891 793	1 206 761
Alleged dumped imports as a % of total imports	2.69%	34.25%	67.72%
Other imports as a % of total imports	97.31%	65.75%	32.28%

Information in Table 5.3.1 above shows that alleged dumped imports from Malaysia increased by 963.81% from 2017/18 to 2018/19, decreased by 17.49% from 2018/19 to 2019/20 and overall, increased by 777.74% during the period of investigation for material injury. Imports from other countries decreased by 43.44% from 2017/18 to 2018/19, further decreased by 79.51% from 2018/19 to 2019/20 and overall, decreased by 88.41% during the period of investigation for material injury. It is evident that the alleged dumped imports from Malaysia have increased and now account for a significant percentage of total imports into SACU market.

5.3.2 Growth of the subject imports

Table 5.3.2: Growth of the subject imports

	2017/18	2018/19	2019/20
Subject imports /domestic production (%)	100	1039	1153
Subject imports /domestic consumption (%)	100	1031	891

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

The table above shows that 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 products 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 10% ordinary customs duties. The cost of freight, insurance and clearing costs applicable to each millimetre are as follows: 3mm (24.45%); 4mm (26.52%); 5mm (26.73%); 6mm (26.45%); 8mm (29.46%); 10mm (27.37%) and 12mm (26.23%).

It was found that the applicant did not experience price undercutting on all products during investigation period for dumping.

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 products are as follows:

Table 5.3.3.2: Price depression (R/m²)

Tariff-subheading	Glass thickness	2017/18	2018/19	2019/20
7005.29.17	3mm	100	114	110
7005.29.23	4mm	100	107	105
7005.29.25	5mm	100	111	107
7005.29.35	6mm	100	107	97
7005.29.45	8mm	100	107	97
7005.29.55	10mm	100	99	88
7005.29.65	12mm	100	104	95
Average ex-factory ex selling price		100	105	97

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

Information in table 5.3.3.2 above indicates that the applicant's ex-factory selling prices decreased for all products except for 3mm, 4mm and 5mm product range during the period of investigation. The applicant stated that despite input cost increases in each of the subject products categories selling prices had to be depressed in an attempt to capture lost market share that was caused by the influx of low-priced dumped products from Malaysia.

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

Tariff-subheading	Glass thickness	2017/18	2018/19	2019/20
Cost of production (R/m²)				
7005.29.17	3mm	100	111	131
7005.29.23	4mm	100	111	131
7005.29.25	5mm	100	111	132
7005.29.35	6mm	100	112	132
7005.29.45	8mm	100	112	134
7005.29.55	10mm	100	111	133
7005.29.65	12mm	100	110	131
Average cost of production		100	111	119
Cost of production as % of ex-factory selling price				
7005.29.17	3mm	100	98	120
7005.29.23	4mm	100	104	125
7005.29.25	5mm	100	100	123
7005.29.35	6mm	100	104	136
7005.29.45	8mm	100	105	138
7005.29.55	10mm	100	112	151
7005.29.65	12mm	100	106	138
Average cost of production as % of ex-factory selling price		100	101	124

The figures were indexed due to confidentiality using 2017/18 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 on all glass thicknesses during the period of investigation. The applicant stated that what is alarming is the high cost to sales ratio in 2020 which in excess of 100% for all of the subject product categories except of the 3mm product.

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 products for the period of investigation:

Table 5.3.4.1: Sales volumes in square metres (m²)

Tariff-subheading	Glass thickness	2017/18	2018/19	2019/20
7005.29.17	3mm	100	105	105
7005.29.23	4mm	100	100	93
7005.29.25	5mm	100	96	78
7005.29.35	6mm	100	106	78
7005.29.45	8mm	100	88	66
7005.29.55	10mm	100	85	67
7005.29.65	12mm	100	97	76
Total sales volume		100	103	98

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

Table 5.3.4.1 above indicates total sales volumes increased by 3 index points from 2017/18 to 2018/19, decreased by 5 index points from 2018/19 to 2019/20 and decreased by 2 index points during the period of investigation.

The applicant stated that sales volumes in 2019 increased slightly from 2018 but in 2020 decreased to a level below that of 2018, which is an indication of the SACU industry suffering material injury.

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 products for period of investigation:

Table 5.3.4.2: Sales values in Rand

Tariff-subheading	Glass thickness	2017/18	2018/19	2019/20
7005.29.17	3mm	100	119	115
7005.29.23	4mm	100	108	97
7005.29.25	5mm	100	107	84
7005.29.35	6mm	100	114	77
7005.29.45	8mm	100	108	97
7005.29.55	10mm	100	107	84
7005.29.65	12mm	100	114	77
Total sales value		100	113	102

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

Table 5.3.4.2 above indicates that total sales values increased by 13 index points from 2017/18 to 2018/19, decreased by 11 index points from 2018/19 to 2019/20 and increased by 2 index points during the period of investigation. The applicant stated these sales value trends and suppressed prices show that the SACU industry is suffering material injury.

5.3.4.3 Profit

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

Table: 5.3.4.3: Gross & Net Profits

Tariff-subheading	Glass thickness	2017/18	2018/19	2019/20
Gross profit (R/m²)				
7005.29.17	3mm	100	124	27
7005.29.23	4mm	100	86	-29
7005.29.25	5mm	100	113	-16
7005.29.35	6mm	100	94	-10
7005.29.45	8mm	100	88	-42
7005.29.55	10mm	100	71	-22
7005.29.65	12mm	100	84	-20
Average		100	107	6
Net Profit (R/m²)				
7005.29.17	3mm	100	154	-35
7005.29.23	4mm	100	94	-203
7005.29.25	5mm	100	149	-163
7005.29.35	6mm	100	101	-73
7005.29.45	8mm	100	94	-146
7005.29.55	10mm	100	68	-69

7005.29.65	12mm	100	86	-86
Average		100	127	-70

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

Table 5.3.4.3 above indicates that average gross profit increased by 7 index points from 2017/18 to 2018/19, decreased by 101 index points from 2018/19 to 2019/20 and decreased by 94 index points during the period of investigation.

Average net profit increased by 27 index points from 2017/18 to 2018/19, decreased by 197 index points from 2018/19 to 2019/20 and during the period of investigation, the net profit decreased by 170 index points.

5.3.4.4 Market share

The following table provides a breakdown of market share for the subject products based on sales and import volumes:

Table 5.3.4.4: Market share

%	2017/18	2018/19	2019/20
Total market share of the subject product			
Applicant share as % of total market	100	104	116
Alleged dumped imports: Malaysia as % of total market	100	1078	1037
Other imports' market share as % of total market	100	57	14
7005.29.17- 3mm			
Applicant share as % of total market	100	107	119
Alleged dumped imports: Malaysia as % of total market	No imports	*100	133
Other imports' market share as % of total market	100	60	6
7005.29.23- 4mm			
Applicant share as % of total market	100	102	111
Alleged dumped imports: Malaysia as % of total market	100	3755	3436
Other imports' market share as % of total market	100	39	19
7005.29.25- 5mm			
Applicant share as % of total market	100	104	114
Alleged dumped imports: Malaysia as % of total market	100	261	279
Other imports' market share as % of total market	100	59	15
7005.29.35- 6mm			
Applicant share as % of total market	100	96	112
Alleged dumped imports: Malaysia as % of total market	100	270	232
Other imports' market share as % of total market	100	87	37

7005.29.45- 8mm			
Applicant share as % of total market	100	86	93
Alleged dumped imports: Malaysia as % of total market	100	359	371
Other imports' market share as % of total market	100	95	73
7005.29.55-10mm			
Applicant share as % of total market	100	84	106
Alleged dumped imports: Malaysia as % of total market	100	256	126
Other imports' market share as % of total market	100	147	61
7005.29.65-12mm			
Applicant share as % of total market	100	93	107
Alleged dumped imports: Malaysia as % of total market	100	298	150
Other imports' market share as % of total market	100	102	67

The figures were indexed due to confidentiality using 2017/18 as a base year, *base is 2018/19 as there no imports in year1

Table 5.3.4.4 above indicates that the applicant's market share increased by 4 index points from 2017/18 to 2018/19, increased by 12 index points from 2018/19 to 2019/20 and increased by 16 index points during the period of investigation. Alleged dumped imports market share increased by 978 index points from 2017/18 to 2018/19, decreased by 41 index points from 2018/19 to 2019/20 and increased by 937 index points during the period of investigation. Other countries imports market share decreased by 43 index points from 2017/18 to 2018/19, further decreased by 43 index points from 2018/19 to 2019/20 and decreased by 86 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 5.3.4.5: Output in m²

Tariff-subheading	Glass thickness	2017/18	2018/19	2019/20
7005.29.17	3mm	100	105	80
7005.29.23	4mm	100	92	80
7005.29.25	5mm	100	87	70
7005.29.35	6mm	100	118	24
7005.29.45	8mm	100	66	29
7005.29.55	10mm	100	84	16
7005.29.65	12mm	100	122	26
Total output		100	101	75

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

Table 5.3.4.5 above indicates that total output of the subject product increased by 1 index points from 2017/18 to 2018/19, decreased by 26 index points from 2018/19 to 2019/20 and decreased by 25 index points during the period of investigation.

The applicant stated that production decreased because it had to respond to import pressure caused by dumped imports. In this regard, the applicant explained that it had to apply an alternating product manufacturing strategy and to sell products on an alternating basis at much lower margins in an attempt to manage unnecessary stock build up as far as possible.

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

	2017/18	2018/19	2019/20
Total output (m ²)	100	101	75
Total employees in production	100	102	100
Total square meters produced per employee	100	99	75

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

Table 5.3.4.6 above indicates that total productivity per employee in production decreased by 1 index point from 2017/18 to 2018/19, decreased by 25 index points from 2018/19 to 2019/20 and declined 25 index points during the period of investigation.

The applicant stated that sales declined over the period from October 2019 to September 2020 and production was further reduced over the same period to try manage the stockholding. The situation was caused by the inflow of dumped products exerting pressure on the SACU industry and causing on the Industry to suffer material injury.

5.3.4.7 Employment

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

Table 5.3.4.7: Number of employees in manufacturing

	2017/18	2018/19	2019/20
No. of employees (manufacturing)	100	102	100

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

Table 5.3.4.7 indicates that the number of employees involved in manufacturing increased by 2 index points from 2017/18 to 2018/19, decreased by 2 index points from 2018/19 to 2019/20 and remained constant 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: Capacity utilisation

	2017/18	2018/19	2019/20
Applicant's total capacity(tons)	100	100	100
Total production(tons)	100	100	71
Capacity utilisation (%)	100	100	71

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

Table 5.3.4.8 above indicates that capacity utilisation was constant from 2017/18 to 2018/19, decreased by 29 index points from 2018/19 to 2019/20 and 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	2017/18	2018/19	2019/20
Net profit	100	111	-7
Net Assets	100	91	84
Return on net assets %	100	122	-7

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

Table 5.3.4.9 above indicates that return on net assets increased by 22 index points from 2017/18 to 2018/19, decreased by 129 index points from 2018/19 to 2019/20 and during the period of investigation, the net return on assets decreased by 107 index points.

5.3.4.10 Factors affecting domestic prices

As indicated in paragraphs 5.3.3.2 and 5.3.3.3 of this report the applicant experienced price suppression and price depression.

5.3.4.11 Margin of dumping

A weighted margin of dumping of 28.37% as percentage of the ex-factory export price was calculated for all tariff subheadings of the subject products.

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	2017/18	2018/19	2019/20
Incoming cash flow	100	105	102
Outgoing cash flow	100	109	105
Net cash flow	100	80	78

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

Table 5.3.4.12 above indicates that net cash flow decreased by 20 index points from 2017/18 to 2018/19, further decreased by 2 index points from 2018/19 to 2019/20 and decreased by 22 index points during the period of investigation.

The applicant stated that the current cash flow is inadequate to support the re-investment required every 15 to 18 years. The sustainability of the second float line has been severely compromised and is earmarked for closure if the required sales volumes are not achieved due to continuing influx of dumped products.

5.3.4.13 Inventories

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

Table 5.3.4.13: Inventory volumes in square meters

Tariff-subheading	Glass thickness	2017/18	2018/19	2019/20
7005.29.17	3mm	100	127	36
7005.29.23	4mm	100	91	60
7005.29.25	5mm	100	72	58
7005.29.35	6mm	100	189	42
7005.29.45	8mm	100	82	39
7005.29.55	10mm	100	107	42
7005.29.65	12mm	100	134	71
Total inventory volumes		100	114	46

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

Table 5.3.4.13 above indicates that inventory volumes increased by 14 index points from 2017/18 to 2018/19, decreased by 68 index points from 2018/19 to 2019/20 and decreased by 54 index points during the period of investigation.

The applicant stated sound production and sales management decisions during COVID lockdown assisted in mitigating potential injury by reducing the production, without which inventory levels would have increased substantially higher than in 2019.

5.3.4.14 Wages

The following table provides SACU industry's annual wages:

Table 5.3.4.14: Wages

Rands	2017/18	2018/19	2019/20
Total Wages: Production	100	107	97

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

Table 5.3.4.14 above indicates that wages increased by 7 index points from 2017/18 to 2018/19, decreased by 10 index points from 2018/19 to 2019/20 and decreased by 3 index points during the period of investigation. Wages declined in 2019/20 due to Covid-19.

5.3.4.15 Ability to raise capital or investments

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

Table 5.3.4.15: Ability to raise capital and investment

Rands	2017/18	2018/19	2019/20
Total capital investment on subject product	100	101	103
Capital expenditure on subject product	100	146	83

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

Table 5.3.4.15 above indicates that capital investment on the subject product increased by 1 index point from 2017/18 to 2018/19, increased by 3 index points from 2018/19 to 2019/20 and increased by 3 index points during the period of investigation. Capital expenditure on the subject product increased by 46 index points from 2017/18 to 2018/19, decreased by 63 index points from 2018/19 to 2019/20 and decreased by 17 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

Square metre	2017/18	2018/19	2019/20
Size of SACU market (m ²)	100	99	85
Applicant (m ²)	100	103	98
Alleged dumped imports (m ²)	93 102	990 433	817 190
Other imports (m ²)	3 361 647	1 901 360	389 571

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

Table 5.3.4.16 above shows that the size of the SACU market decreased by 15 index points during the period investigation. The SACU industry sales volumes and the volume of other imports decreased in a growing market. By contrast, the volume of the alleged dumped increased by a significant 777.74%.

Summary – Material injury

Based on the above information, the evaluation of the injury information of the applicant for the period 01 October 2017 to 30 September 2020 is summarised as follows:

The applicant suffered injury with regard to the following:

- Price depression/suppression;
- Decline in sales volumes
- Losses and/or declining profits;
- Decline in production;
- Decline in output;
- Decline in productivity;
- Decline in capacity utilisation;
- Negative return on investment;
- Decline in capital expenditure;
- Negative cash flow; and
- Slow growth.

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

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 stated that with the increased investments from two Chinese owned firms, Kibing Glass and Xinyi Glass, the Malaysian production capacity gains in 2018 and 2019 were significant. Therefore, the Malaysian flat glass industry production capacity is well in excess of domestic market needs and exports are the logical option to channel its trade surplus and prevent unnecessary stock pile-up, with Africa and especially SACU offering lucrative export opportunities.

6.2 Significant increase of allegedly dumped imports into the SACU market

The applicant stated the following with regard to the increase in allegedly dumped imports:

- Imports from Malaysia grew by 657% during the POI.
- There were no imports for 3mm in 2018; however, there was growth from 2019 to 2020 of 284%.
- 4mm increased by 382% and 93% in 2019 and 2020 respectively.
- The growth of 8mm followed the same pattern of the 4mm. Imports for 8mm grew by 234% and 19% in 2019 and 2020 respectively.
- Imports of 5mm, 6mm, 10mm and 12mm experienced enormous growth in 2019, with 2020 seeing negative growth but at rates which were much less than the previous year's growth.
- Total subject product imports experienced a growth of 413 percent in 2019, with 2020 still presenting a growth of 47 percent (despite there being limited economic activity in SACU in April and May 2020).

6.3 Prices that will have a significant depressing or suppressing effect on SACU prices

The applicant stated that price suppression already exists over the period 2018 to 2020 with regard to the subject product. Price depression in 2020 impacted on the profitability. Therefore, there exists a real threat of the continuation of material injury and closure of the plant if the dumped imports from Malaysia are not addressed.

6.4 Exporters' inventories

The applicant stated that it has no data about the inventory levels in Malaysia. However, India has imposed anti-dumping duties against Malaysia, which would likely lead to manufacturers exploring new viable markets for their product to ensure that their inventory levels do not increase substantially. According to the applicant, there will be excess product to export in increased volumes to SACU.

6.5 State of the economy of the country of origin/export and its influence on the operations of the manufacturers/exporters.

The applicant provided the following information with regard to the state of Malaysian economy:

- The economy of Malaysia is the third largest in Southeast Asia, after Indonesia and Thailand, and is the 35th largest economy in the world.
- Labour productivity in Malaysia is significantly higher than in neighbouring Thailand, Indonesia, Philippines or Vietnam due to a high density of knowledge-based industries and adoption of cutting-edge technology for manufacturing and digital economy.
- According to the Global Competitiveness Report 2018, the Malaysian economy is the 25th most competitive country in the world in the period of 2018–19.
- Malaysian citizens lead a much more affluent lifestyle compared to their peers in upper-middle income countries like Mexico, Turkey, and Brazil. This is due to a low national income tax, low cost of local food, transport fuel, household essentials, a fully subsidized single payer public-healthcare and comprehensive social welfare benefit with direct cash transfer.

- An income per capita of 28,681 PPP Dollars (2017 World Bank) or 10,620 nominal US Dollars, Malaysia is the third wealthiest nation in Southeast Asia after the smaller city-states of Singapore and Brunei.
- Malaysia has a newly industrialised market economy, which is relatively open and state-oriented.
- The Malaysian economy is highly robust and diversified with the export value of high-tech products in 2015 standing at US\$57.258 billion, the second highest after Singapore in ASEAN.
- A population of nearly 32 million in 2018, Malaysia is the smallest among four major South East Asian countries. It has the highest per capita income of the four, however.
- The country's flat and hollow glass industry has benefited from steady economic growth, averaging above 5% for the past five years, leading to higher per capita income and reducing already low poverty levels.
- Despite government policies to increase income per capita in order to hasten the progress towards high income country by 2020, Malaysia's growth in wages has been very slow, lagging behind the OECD standard.
- Academic research by the IMF and World Bank have repeatedly called for structural reform and endogenous innovation to move the country up the value chain of manufacturing into allowing Malaysia to escape the current middle-income trap. Due to a heavy reliance on oil exports for central government revenue, the currency fluctuations have been very volatile, noticeably during the supply glut and oil price collapse in 2015. However, the government stepped up measures to increase revenue by introducing the Sales and Service Tax (SST) at 6% rate to reduce deficits and meet federal debt obligations.
- Malaysia is one of the most open economies in the world, with a trade to GDP ratio averaging over 130 percent since 2010. Openness to trade and investment have been instrumental in employment creation and income growth, with about 40 percent of jobs in Malaysia linked to export activities. After the Asian financial crisis of 1997-1998, Malaysia's economy has been on an upward trajectory, averaging growth of 5.4 percent since 2010, and is expected to achieve its transition from an upper middle-income economy to a high-income economy by 2024.

- Malaysia, an upper middle-income country, has transformed itself since the 1970's from a producer of raw materials into a multi-sector economy. Under current Prime Minister NAJIB, Malaysia is attempting to achieve high-income status by 2020 and to move further up the value-added production chain by attracting investments in high technology, knowledge-based industries and services. NAJIB's Economic Transformation Program is a series of projects and policy measures intended to accelerate the country's economic growth. The government has also taken steps to liberalize some services sub-sectors. Malaysia is vulnerable to a fall in world commodity prices or a general slowdown in global economic activity.
- The NAJIB administration is continuing efforts to boost domestic demand and reduce the economy's dependence on exports. Domestic demand continues to anchor economic growth, supported mainly by private consumption, which accounts for 53% of GDP. Nevertheless, exports particularly of electronics, oil and gas, and palm oil remain a significant driver of the economy. In 2015, gross exports of goods and services were equivalent to 73% of GDP. The oil and gas sector supplied about 22% of government revenue in 2015, down significantly from prior years amid a decline in commodity prices and diversification of government revenues. Malaysia embarked on a fiscal reform program aimed at achieving a balanced budget by 2020, including rationalization of subsidies and the 2015 introduction of a 6% value added tax. Sustained low commodity prices throughout the period not only strained government finances, but also shrunk Malaysia's current account surplus and weighed heavily on the Malaysian ringgit, which was among the region's worst performing currencies during 2013-17. The Ringgit hit new lows following the US presidential election amid a broader selloff of emerging market assets.
- According to the International Monetary Fund (IMF): "The Malaysian economy continues to perform well, despite external headwinds. Economic growth is now moderating and is estimated at 4.7% in 2018, underpinned by robust domestic and external demand." Bank Negara Malaysia (the central bank) maintains adequate foreign exchange reserves; a well-developed regulatory regime has limited Malaysia's exposure to riskier financial instruments, although it remains vulnerable to volatile global capital flows. In order to increase Malaysia's competitiveness, Prime Minister NAJIB raised possible revisions to the special economic and social preferences accorded to ethnic Malays under the New Economic Policy of 1970,

but retreated in 2013 after he encountered significant opposition from Malay nationalists and other vested interests. In September 2013 NAJIB launched the new Bumiputra Economic Empowerment Program, policies that favour and advance the economic condition of ethnic Malaysia.

- Malaysia signed the 12-nation Trans-Pacific Partnership (TPP) free trade agreement in February 2016, although the future of the TPP remains unclear following the US withdrawal from the agreement. Along with nine other ASEAN members, Malaysia established the ASEAN Economic Community in 2015, which aims to advance regional economic integration.

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

7. CAUSAL LINK

7.1 GENERAL

In order for the Commission to impose final anti-dumping 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 products.

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 products:

Table 7.2.1: Imports volumes in m²

	2017/18	2018/19	2019/20
Alleged dumped imports: Malaysia	93 102	990 433	817 190
Other imports	3 361 647	1 901 360	389 571
Total imports	3 454 748	2 891 793	1 206 761
Alleged dumped imports as a % of total imports	2.69%	34.25%	67.72%
Other imports as a % of total imports	97.31%	65.75%	32.28%

Table 7.2.1 above shows that alleged dumped imports from Malaysia increased by 963.81% from 2017/18 to 2018/19, decreased by 17.49% from 2018/19 to 2019/20 and increased by 777.74% during the period of investigation. It is evident that the alleged dumped imports from Malaysia have increased and now account for a significant percentage of total imports into SACU market.

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

%	2017/18	2018/19	2019/20
Applicant share as % of total market	100	104	116
Alleged dumped imports: Malaysia as % of total market	100	1076	1036
Other imports' market share as % of total market	100	57	14

Table 7.2.2 above indicates that during the period of investigation the applicant's and alleged dumped imports market share increased to 116 index points and 1036 index points respectively. Other imports market share decreased to 14 index points during the same period.

The Commission considered that the size of the SACU market declined during the POI, and that both the applicant and alleged dumped imports' market share increased during the same period, however the market share of imports increased significantly compared to that of the Applicant, thus capturing the majority of the market share that was being lost by un-dumped imports

7.3 EFFECT OF DUMPED IMPORTS ON PRICES

Paragraph 5 of this report shows that the applicant experienced price depression 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 01 October 2017 to 30 September 2020
Price depression/ suppression	Increased
Sales Volumes	Decreased
Profitability	Decreased
Output	Decreased
Productivity	Decreased
Capacity utilisation	Decreased
Return on investment	Negative
Capital expenditure	Decreased
Cash flow	Negative
Growth	Declined

7.5 FACTORS OTHER THAN DUMPING CAUSING MATERIAL INJURY

Table 7.5: Examination of causality under Article 3.5 of the Agreement

R/m ²	2017/18	2018/19	2019/20	% change 2018 to 2020
FOB prices for imports not sold at dumped prices				
7005.29.17 – 3mm	26.03	31.42	36.08	38.60%
7005.29.23 – 4mm	33.96	42.64	51.38	51.31%
7005.29.25 – 5mm	42.57	51.65	64.14	50.67%
7005.29.35 – 6mm	87.87	71.46	179.50	104.29%
7005.29.45 – 8mm	60.43	76.82	71.84	18.87%
7005.29.55 – 10mm	109.45	107.21	104.13	(-4.86%)
7005.29.65 – 12mm	87.70	89.60	101.66	15.92%
Volume of imports not sold at dumped prices				
7005.29.17 – 3mm	1 917 117	1 130 491	102 337	(94.66%)
7005.29.23 – 4mm	984 162	377 253	153 049	(84.45%)
7005.29.25 – 5mm	167 714	92 306	17 601	(89.51%)
7005.29.35 – 6mm	116 586	113 329	30 270	(74.04%)
7005.29.45 – 8mm	103 116	99 591	53 929	(47.70%)
7005.29.55 – 10mm	26 056	38 655	10 004	(61.61%)
7005.29.65 – 12mm	46 896	49 735	22 381	(52.28%)
Changes in demand and patterns of consumption	The Commission noted the year-on-year declines of the total SACU market of the subject products during the period of investigation.			

Trade restrictive practices of foreign and domestic producers	The Commission noted that the applicant stated that India has trade restrictions in place against the imports of float glass products from Malaysia.
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 that the subject product is exported to African countries outside SACU. Furthermore, high quality automotive float glass is exported to international manufacturers.
Productivity of the domestic industry	The applicant stated that it is of the view that its productivity compares favourably with its competitors.
Other factors affecting the SACU prices	The applicant stated is unaware of any other factors affecting SACU prices.
Strikes, go-slows or lock-outs during the past twelve calendar months	The applicant stated it did not experience any labour actions that influenced production negatively during this period.

Based on the information above, the Commission made a final 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 final determination that the dumping of the subject products originating in or imported from Malaysia is taking place and decided to calculate a weighted average dumping margin for all seven sizes of the subject products. A weighted average dumping margin of 28.37 percent was calculated.

8.2 Material Injury

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

- Price depression/suppression;
- Decline in sales volumes
- Losses and/or declining profits;
- Decline in output;
- Decline in productivity;
- Decline in capacity utilisation;
- Negative return on investment;
- Decline in capital expenditure;
- Negative cash flow; and
- Slow growth.

8.3 Threat of material injury

The Commission made a final 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 products originating in or imported from Malaysia and the material injury suffered by the SACU industry and there were no other factors detracting from causal link.

9. DEFINITIVE ANTI-DUMPING DUTIES

The Commission found that all requirements for the imposition of definitive anti-dumping duties have been fulfilled.

9.1 Lesser duty

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

9.2 Calculation of duty

There were no responses to the Commission's questionnaire received from producers and exporters in the Malaysia. 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 final determination. The facts available in this instance are the information considered by the Commission for merit determination, being the information provided by the applicant.

The weighted average dumping margin as a percentage of FOB export price applicable to for all seven sizes of the subject product was determined to be 25.31 percent based on the information provided by the applicant.

9.3 Amount of definitive duties

The duties were calculated to be 25.31 percent *ad valorem* applicable for all tariff-subheadings of the subject product.

10. FINAL DETERMINATION

The Commission made a final determination that:

- Dumping of the subject product originating in or imported from Malaysia is taking place;
- The SACU industry is thereby 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 further made a final determination to recommend to the Minister of Trade, Industry and Competition to impose definitive anti-dumping duties of 25.31 percent *ad valorem* on imports of clear float glass originating in or imported from Malaysia, classifiable under the following tariff sub-heading:

Table 10: Tariff classification

Tariff-subheading	Tariff description	
Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked:		
Other:		Rate of duty
7005.29.17	Of a thickness not exceeding 2,5mm but not exceeding 3 mm(excluding solar glass and optical glass)	25.31%
7005.29.23	Of a thickness exceeding 3 mm but not exceeding 4 mm (excluding solar glass and optical glass)	25.31%
7005.29.25	Of a thickness exceeding 4 mm but not exceeding 5 mm (excluding solar glass and optical glass)	25.31%
7005.29.35	Of a thickness exceeding 5 mm but not exceeding 6 mm (excluding solar glass and optical glass)	25.31%
7005.29.45	Of a thickness exceeding 6 mm but not exceeding 8 mm (excluding solar glass and optical glass)	25.31%
7005.29.55	Of a thickness exceeding 8 mm but not exceeding 10 mm (excluding solar glass and optical glass)	25.31%
7005.29.65	Of a thickness exceeding 10 mm but not exceeding 12 m (excluding solar glass and optical glass)	25.31%

The recommended anti-dumping duties on glass of a thickness of 3mm, 4mm, 5mm, 6mm, 8mm, 10mm and 12mm be listed in the “rebate item” column in Schedule No. 2, and therefore may not be imported under rebate of customs duty without payment of anti-dumping, countervailing and safeguard duties without a recommendation from ITAC.