

Report No. 710

INVESTIGATION INTO THE ALLEGED DUMPING OF OTHER FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, OF A WIDTH OF 600 MM OR MORE, OTHERWISE PLATED OR COATED WITH ZINC, OF A THICKNESS OF LESS THAN 0,45 MM ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA: PRELIMINARY DETERMINATION

The International Trade Administration Commission of South Africa herewith presents its **Report No. 710: INVESTIGATION INTO THE ALLEGED DUMPING OF OTHER FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, OF A WIDTH OF 600 MM OR MORE, OTHERWISE PLATED OR COATED WITH ZINC, OF A THICKNESS OF LESS THAN 0,45 MM ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA: PRELIMINARY DETERMINATION**



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CHIEF COMMISSIONER**

**PRETORIA
02/03/2023**

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

INVESTIGATION INTO THE ALLEGED DUMPING OF OTHER FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, OF A WIDTH OF 600 MM OR MORE, OTHERWISE PLATED OR COATED WITH ZINC, OF A THICKNESS OF LESS THAN 0,45 MM ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA: PRELIMINARY DETERMINATION

SYNOPSIS

The South African Coil Coaters Association (“SACCA” or “the Applicant”), an industry body of the Southern African Customs Union (“SACU”) industry, lodged the application on behalf of its members. SACCA members were, at the time of the submission of the application, ArcelorMittal South Africa Limited (“AMSA”), Safal Steel (Pty) Ltd (“Safal”) and Duferco Steel Processing (“Duferco”). Together they constituted 100% of SACU domestic production of the subject product. AMSA is the major producer of the subject product and provided material injury information.

In terms of the International Trade Administration Commission’s (“the Commission”) Anti-Dumping Regulation (“ADR”) 27.1, the trade representatives of the People’s Republic of China (“PRC”) were informed that the Commission has received and accepted a properly documented application for the investigation of the alleged dumping of other flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, otherwise plated or coated with zinc, of a thickness of less than 0,45 mm, classifiable under tariff subheading HS 7210.49.10, originating in or imported from the PRC (“the subject product”).

The investigation was initiated through Notice No. 1342 of 2022 of *Government Gazette* No. 47296, dated 12 October 2022. Correction Notice No. 1354 of *Government Gazette* No. 47337, dated 21 October 2022, was published rectifying

the typographical error of the tariff subheading under which the subject product is classified.

The investigation was initiated after the Commission considered that there was *prima facie* evidence to show that the subject product was being imported into the SACU market at dumped prices, causing material injury to the SACU industry.

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

Questionnaire responses were received from two (02) producers/exporters in the PRC. Joint comments were received from three importers in the SACU.

The two exporters/producers are Shandong Tongsheng Composite Material Co. Ltd.; and Shandong Guanxian Rongda Composite Material Co. Ltd. Information submitted by the two exporters was considered deficient. In line with ADR 32.4, the Commission made a preliminary determination not to consider deficient responses of the two exporters/producers.

The Applicant also provided comments in response to the joint comments submitted by the three importers.

After considering all the comments received from interested parties, the Commission made a preliminary determination that the subject product originating in or imported from the PRC was being dumped, causing material injury to the SACU domestic industry. The Commission further decided to request the Commissioner for the South African Revenue Service ("SARS") to impose provisional payments for a period of six months in order to protect the domestic industry while the investigation continues.

1. APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

This investigation is conducted in accordance with the International Trade Administration Act, 2002, the ADR, having due regard for 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 SACCA, on behalf of its members. SACCA members were, at the time of submitting the application, AMSA, Safal, and Duferco. Together they constituted 100% of SACU domestic production of the subject product. AMSA is the major producer of the subject product and provided material injury information.

1.3 ACCEPTANCE OF APPLICATION

The application was accepted by the Commission as being properly documented in accordance with ADR 21. 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, were being dumped into the SACU market, thereby causing material injury to the SACU industry. The basis for the alleged dumping is that the subject product is exported to SACU at prices lower than the normal values 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 experiencing material injury in the form of:

- Declining sales volume;
- Negative impact on market share (in both volume and value);
- Declining employment;
- Under-utilisation of production capacity;

- Increasing inventory levels; and
- Other relevant factors placed before the Commission, such as – Consumption in the SACU has been increasing; however, the domestic producer has not realised any benefits linked to the growth.

1.5 INVESTIGATION PROCESS

The application was submitted on 13 July 2021. Between 13 July 2022 and 26 August 2022, a total of six deficiency letters were sent to the Applicant.

The financial information submitted by the Applicant was verified on 01 September 2022.

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

On 12 October 2022, the Commission initiated an investigation into the alleged dumping of the subject product originating in or imported from the PRC. A correction notice was published on 21 October 2022, rectifying the typographical error of the tariff subheading under which the subject product is classified.

1.6 INVESTIGATION PERIODS

The investigation period for dumping is 01 May 2021 to 30 April 2022. The investigation period for material injury is 01 May 2019 to 30 April 2022.

1.7 PARTIES CONCERNED

1.7.1 SACU industry

At the time of lodging the application, the SACU industry consisted of AMSA, Safal, and Duferco, which together constituted 100% of the SACU domestic production of the subject products. The industry currently consists of AMSA as the only manufacturer in SACU.

1.7.2 Foreign Manufacturers/Exporters

Responses to the Commission's exporter's questionnaire were received from the following: Shandong Tongsheng Composite Material Co. Ltd. and Shandong Guanxian Rongda Composite Material Co. Ltd.

Initial responses submitted by all two exporters/producers were found to be deficient. The deficiency letters were sent out and the exporters were each given 7 days to address deficiencies.

Response questionnaires addressing deficiencies were received on the due date. The updated responses from both exporters were reassessed and still found to be deficient. The exporters were informed of their deficiencies and that their information may not be taken into account for the Commission's preliminary determination, in line with ADR 32.4. The exporters were advised that should their responses be rectified within the deadline date for comments on the preliminary determination, their information would be considered for the Commission's final determination, as per ADR 35.5.

The Commission made a preliminary determination not to take into account information submitted by the two exporters.

1.7.3 Importers

Joint comments were responses from SS Profiling (Pty) Ltd, Steelworld Roofing Systems (Pty) Ltd and Inter Steel.

1.8 COMMENTS FROM INTERESTED PARTIES

Comments were received from the above-mentioned three importers and the Applicant.

All the comments were considered by the Commission for purposes of its preliminary determination. The Comments are summarised and reported in various sections of this report.

1.9 PRELIMINARY DETERMINATION

The Commission at its meeting of 14 February 2023, after considering the comments from interested parties, made a preliminary determination that the subject product originating in or imported from the PRC were being imported into the SACU market at dumped prices, thereby causing material injury to the SACU industry.

The Commission also considered that the SACU industry would continue to experience material injury during the course of the investigation if provisional measures were not imposed. The Commission therefore decided to request the Commissioner for SARS to impose provisional measures of 35.9% *ad valorem* on imports of the subject product, classifiable under tariff subheading 7210.49.10, originating in or imported from PRC, for a period of six months.

Comments submitted by interested parties (within the specified time period) on the preliminary determination will be considered by the Commission prior to making its final determination and recommendation to the Minister of Trade, Industry and Competition (“the Minister”).

All comments 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 and pivotal 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 imported product to be a galvanised steel coil with a thickness of less than 0.45mm and a width greater than 600mm with a hot dipped galvanised (zinc) coating.

2.1.2 Country of Origin

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

2.1.3 Possible tariff loopholes

The Applicant stated that it is of the view that possible loopholes exist in the tariff classification with respect to tariff subheadings 7210.61.10, 7225.92.10 and 7210.41.10.

The imported product under tariff subheading 7210.61.10 is a galvanised coated flat steel in coil with metallic substrate of Alu-zinc of a thickness of less than 0.45 mm. Despite the difference in the metallic coating i.e., zinc for the subject product and Alu-zinc for product under 7210.61.10, these products are essentially similar and fully interchangeable. Both the products are manufactured from the same raw material and undergoes similar production process and are used mainly to manufacture corrugated roofing classifiable under the same HS code 7210.41.10.

The Applicant stated that should anti-dumping duties be imposed on tariff subheading 7210.49.10 importers may utilise tariff subheading 7210.61.10 to evade the duties. To avoid this circumvention, the Applicant stated that the Commission in its deliberation consider imposing anti-dumping duties on tariff subheading 7210.61.10.

2.1.3.1 Comments from importers

The interested parties commented that SACCA's view that possible loopholes in the tariff classification exists is academic, as it merely answers the question in the application form of the Commission. Should SACCA require that duties be imposed

on another tariff subheading, then it should submit an application to the Commission in accordance with section 26 of the ITA Act, read with Regulation 3 of the ADR, allowing for an investigation to be conducted on the basis of *prima facie* evidence, with due assessment of the merits and facts applicable. In the alternative, if an Anti-Dumping duty is imposed on the subject product, SACCA could apply for a circumvention investigation, if an anti-dumping duty has been imposed, provided that there is evidence of a shift in the trade pattern and not merely a likelihood thereof.

2.1.3.2 Comments from the Applicant

The Applicant responded that there is no threat of circumvention, but that the circumvention is already taking place. In 2015, when ITAC increased the ordinary customs duties on carbon based coated products imported under tariff subheading 72.10. to the WTO bound rate of 10%, it omitted to include coated steel products that can be imported under the alloy harmonized tariff codes, i.e. 72.25. This gap in trade protection, coupled with export incentives (value added tax rebate) from China on alloy exports caused imports under the duty-free tariff subheading to almost immediately increase by more than 150%.

This circumvention has already been confirmed by ITAC when it states in Paragraph 15 of ITAC Public Report 630: *“The SARS’ official trade statistics reveal that Imports volume of the subject products into the SACU region have recorded a marginal decline of 5% between 2015 and 2018. However, the SARS official trade statistics shows an emerging trend of significant increase in import volumes on other closely related tariff lines which attract zero duty, particularly those of the category ‘other’ In the customs tariff book. This includes tariff subheading 7225.92, 7210.30, and 7210.69. This may be as a result of possible tariff circumvention by unscrupulous importers.”*

The two products classifiable under tariff subheadings 7210.49.10 and 7225.92.10 are almost alike in all respects, save for the addition of a minute amount of boron or chromium in the steelmaking process which have absolutely no impact on the physical characteristics of the subject product.

Consequently, ITAC needs to close the loopholes to ensure the efficacy of the anti-dumping measures.

2.1.3.3 Commission’s consideration

The Commission considered ADR 60.1, which indicates that circumvention shall be deemed to take place if there is a change in pattern of trade, for which there is no or insufficient economic justification other than the imposition of the anti-dumping duty. The Commission noted the fact that the claim of the existence of circumvention by the Applicant emanates from the increase of the ordinary customs duty, not anti-dumping duty. The allegation of circumvention is dealt with separately at a later stage when an anti-dumping duty is already imposed.

The Commission made a preliminary determination not to extend the provisional measures to another tariff subheading that is not part of this investigation on the basis of anticipated circumvention.

2.1.4 Tariff Classification

The subject product is classifiable under the following tariff-subheading:

Table 2.1.4: Subject products tariff classification

Tariff Heading/ Subheading	Description	Statistical Unit	Rate of duty					
			General	EU/UK	EFTA	SADC	MERCOSUR	AfCFTA
7210	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated:							
7210.4	Otherwise plated or coated with zinc:							
7210.49	Other							
7210.49.10	Of a thickness of less than 0.45 mm	Kg	10%	Free	Free	Free	10%	8%

2.1.5 Other applicable duties and rebates

The Applicant stated that there are no rebate provision on the subject product.

2.1.6 Negligibility test

The Commission considers the volume of imports to be negligible if the alleged dumped imports account for less than 3 percent of total imports of the subject product during the period of investigation for dumping. The following table shows the percentage of alleged dumped imports from PRC as a percentage of total imports:

Table 2.1.6: Negligibility test

Import volumes of Galvanised Steel Coil (tons)	Import volumes: 01 May 2021 to April 2022	Volumes as a % of total Imports
Alleged dumped imports- PRC	54 939	99%
Other imports	333	1%
Total imports	55 272	100%

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

2.1.7 Raw materials used

The Applicant stated that the raw material used to manufacture the imported product is a hot-rolled coil.

2.1.8 Production process

The Applicant stated that the manufacturing process commences with the manufacturing of hot rolled coil which consists of several stages which are:

- Melting and refining to set the steel's chemical and metallurgical properties;
- Casting the steel into a semi-finished shape (slab);
- Hot-rolling the input material into a coil on a multi-stand, high-speed rolling mill; and
- Controlled cooling of the run-out table prior to coiling.

Coating process

The coating process is as follows:

- The coating process starts from pickling of Hot Rolled Coil ("HRC") after which the Coil goes to the Rolling Mill for thickness deformation where HRC becomes Full Hard CRC;

- The CRC then goes through hot dip galvanizing. This is the process of coating steel with a layer of zinc by immersing the metal in a bath of molten zinc;
- Skin passing is then done to reduce strain marks and ensure a uniform surface. The coil then goes through tension leveller which reduces any shape defects and ensures flatness through elongation of steel; and
- A thin coat of chromate – a rust inhibitor, is then applied to the hot dip galvanized product. The coil is then packed for despatch to customers.

The Applicant further stated that coated steel is manufactured according to relatively standardized processes and machinery. Consequently, the Applicant submitted that there is no difference in the basic production methods used globally and specifically by AMSA.

2.1.9 Technical characteristics and appearance

The Applicant provided the technical characteristics and appearance of the SACU product be a galvanised coated steel which is mild steel with a coating of zinc. The zinc protects the steel by providing cathodic protection to the exposed steel, so should the surface be damaged, the zinc will corrode in preference to the steel.

As the name implies, continuous hot-dip coating involves the application of a molten coating onto the surface of steel sheet in a non-stop process. The thickness of the imported product varies between 0,18mm to less than 0,45mm whereas the zinc coating deposited to both the top and bottom surfaces of the sheet in grams per square meter (g/m^2) will vary between 30 and 235 g/m^2 . The zinc coating that forms has a bright metallic appearance and can be engineered to suit specific end-user requirements.

2.1.10 Application or end use

The Applicant stated that the product is predominantly used as an intermediary input in the production of corrugated metal roof cladding, classifiable under HS code 7210.41.10. Although the thinner gauges from 0,45mm down to 0.3mm are used in building projects such as low-cost housing, the less than 0,3mm coating thickness

will also be sold to the informal (self-help) segment, mainly for the erection of informal settlements.

2.1.11 Substitutability

The Applicant stated that the imported product is fully substitutable with the SACU product and can be used interchangeably in all aspects of further downstream production of corrugated metal roof cladding.

2.2 SACU PRODUCT

2.2.1 Description

The Applicant described the SACU product to be a galvanised steel coil with a thickness of less than 0.45mm and a width greater than 600mm with a hot dipped galvanised (zinc) coating.

2.2.2 Raw materials

The Applicant stated that the raw material used to manufacture the SACU product is a hot-rolled coil.

2.2.3 Production process

The Applicant stated that the manufacturing process commences with the manufacturing of hot rolled coil which consists of several stages which are:

- Melting and refining to set the steel's chemical and metallurgical properties;
- Casting the steel into a semi-finished shape (slab);
- Hot-rolling the input material into a coil on a multi-stand, high-speed rolling mill; and
- Controlled cooling of the run-out table prior to coiling.

Coating process

The coating process is as follows:

- The coating process starts from pickling of Hot Rolled Coil ("HRC") after which the Coil goes to the Rolling Mill for thickness deformation where HRC becomes Full Hard CRC;

- The CRC then goes through hot dip galvanizing. This is the process of coating steel with a layer of zinc by immersing the metal in a bath of molten zinc;
- Skin passing is then done to reduce strain marks and ensure a uniform surface. The coil then goes through tension leveller which reduces any shape defects and ensures flatness through elongation of steel; and
- A thin coat of chromate – a rust inhibitor, is then applied to the hot dip galvanized product. The coil is then packed for despatch to customers.

The Applicant further stated that coated steel is manufactured according to relatively standardized processes and machinery. Consequently, the Applicant submitted that there is no difference in the basic production methods used globally and specifically by AMSA

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2.2.5 Application or end use

The Applicant stated that the subject products is predominantly used as an intermediary input in the production of corrugated metal roof cladding, classifiable under HS Code 7210.41.10. Although the thinner gauges from 0,45mm down to 0.3mm are used in building projects such as low-cost housing, the less than 0,3mm

coating thickness will also be sold to the informal (self-help) segment, mainly for the erection of informal settlements.

2.2.6 Substitutability

The Applicant stated that the SACU product is fully substitutable with the imported product and can be used interchangeably in all aspects of further downstream production of corrugated metal roof cladding.

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	Hot-rolled coil.	Hot-rolled coil.
Technical characteristics/appearances	<p>Galvanised coated steel is mild steel with a zinc coating. The zinc protects the steel by providing cathodic protection to the exposed steel, so should the surface be damaged, the zinc will corrode in preference to the steel. As the name implies, continuous hot-dip coating involves the application of a molten coating onto the surface of steel sheet in a non-stop process.</p> <p>The thickness of the imported product varies between 0,18mm to less than 0,45mm whereas the zinc coating deposited to both the top and bottom surfaces of the sheet in grams per square meter (g/m²) will vary between 30 and 235 g/m².</p> <p>The zinc coating that forms has a bright metallic appearance and can be engineered to suit specific end-user requirements.</p>	<p>Galvanised coated steel is mild steel with a zinc coating. The zinc protects the steel by providing cathodic protection to the exposed steel, so should the surface be damaged, the zinc will corrode in preference to the steel. As the name implies, continuous hot-dip coating involves the application of a molten coating onto the surface of steel sheet in a non-stop process.</p> <p>The thickness of the imported product varies between 0,18mm to less than 0,45mm whereas the zinc coating deposited to both the top and bottom surfaces of the sheet in grams per square meter (g/m²) will vary between 30 and 235 g/m².</p> <p>The zinc coating that forms has a bright metallic appearance and can be engineered to suit specific end-user requirements.</p>

<p>Production Process</p>	<p>The manufacturing process commences with the manufacturing of hot rolled coil which consists of several stages which are:</p> <ul style="list-style-type: none"> •Melting and refining to set the steel's chemical and metallurgical properties; •Casting the steel into a semi-finished shape (slab); •Hot-rolling the input material into a coil on a multi-stand, high-speed rolling mill; and •Controlled cooling of the run-out table prior to coiling. <p>Coating process</p> <ul style="list-style-type: none"> •The coating process starts from pickling of Hot Rolled Coil (“HRC”) after which the Coil goes to the Rolling Mill for thickness deformation where HRC becomes Full Hard CRC; •The CRC then goes through hot dip galvanizing. This is the process of coating steel with a layer of zinc by immersing the metal in a bath of molten zinc; •Skin passing is then done to reduce strain marks and ensure a uniform surface. The coil then goes through tension leveller which reduces any shape defects and ensures flatness through elongation of steel; and •A thin coat of chromate – a rust inhibitor, is then applied to the hot dip galvanized product. The coil is then packed for despatch to customers. <p>Coated steel is manufactured according to relatively standardized processes and machinery. Consequently, the Applicant submits that there is no difference in the basic</p>	<p>The manufacturing process commences with the manufacturing of hot rolled coil which consists of several stages which are:</p> <ul style="list-style-type: none"> •Melting and refining to set the steel's chemical and metallurgical properties; •Casting the steel into a semi-finished shape (slab); •Hot-rolling the input material into a coil on a multi-stand, high-speed rolling mill; and •Controlled cooling of the run-out table prior to coiling. <p>Coating process</p> <ul style="list-style-type: none"> •The coating process starts from pickling of Hot Rolled Coil (“HRC”) after which the Coil goes to the Rolling Mill for thickness deformation where HRC becomes Full Hard CRC; •The CRC then goes through hot dip galvanizing. This is the process of coating steel with a layer of zinc by immersing the metal in a bath of molten zinc; •Skin passing is then done to reduce strain marks and ensure a uniform surface. The coil then goes through tension leveller which reduces any shape defects and ensures flatness through elongation of steel; and •A thin coat of chromate – a rust inhibitor, is then applied to the hot dip galvanized product. The coil is then packed for despatch to customers. <p>Coated steel is manufactured according to relatively standardized processes and machinery. Consequently, the Applicant submits that there is no difference in the basic production methods used globally</p>
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	production methods used globally and specifically by AMSA.	and specifically by AMSA.
Application or end use	The product is predominantly used as an intermediary input in the production of corrugated metal roof cladding, classifiable under HS Code 7210.41.10. Although the thinner gauges from 0,45mm down to 0.3mm are used in building projects such as low-cost housing, the less than 0,3mm coating thickness will also be sold to the informal (self-help) segment, mainly for the erection of informal settlements.	The subject product is predominantly used as an intermediary input in the production of corrugated metal roof cladding, classifiable under HS Code 7210.41.10. Although the thinner gauges from 0,45mm down to 0.3mm are used in building projects such as low-cost housing, the less than 0,3mm coating thickness will also be sold to the informal (self-help) segment, mainly for the erection of informal settlements.
Substitutability	The imported product is fully substitutable with the SACU product and can be used interchangeably in all aspects of further downstream production of corrugated metal roof cladding.	The SACU products are fully substitutable with the imported product and can be used interchangeably in all aspects of further downstream production of corrugated metal roof cladding.

2.3.1 Comments by importers

The importers stated that the claim by SACCA that there is no difference between the imported product and the SACU like product is misleading and not correct. The tariff subheading under investigation represents a whole range of products with different specifications. The importers also submitted that some of these products are not manufactured in SACU by AMSA. For instance, the 0.17mm product and below are not locally manufactured. AMSA cannot manufacture modern technology ultra-thin coating of less than 60 g/m², but product with 30 g/m² coating is manufactured in China. It appears that through this investigation, AMSA is striving to ban the imports of products manufactured by modern technology mills that are based in China and which are not manufactured in SACU.

The importers requested that, if the Commission proceed with this investigation, the scope must be limited to products of 0.18mm or more, but less than 0.45mm, with coatings of 60 g/m² or more.

2.3.2 Comments by the Applicant

The Applicant reiterated that the product scope is defined as galvanised steel coil with a thickness of less than 0.45mm, and a width greater than 600mm, with a hot dipped galvanised (zinc) coating, classifiable under tariff subheading 7210.49.10. Therefore, the application includes specifically also the galvanised coil thinner than 0,18 mm and with a coating of less than 60 gsm that the interested parties alleged that AMSA is not manufacturing and where they so eloquently try to convince the Commission that it is the superior manufacturing processes employed by modern Chinese technology that accounts for this superiority. According to the Applicant, what the importers fail to mention is that the bulk of the market for the subject product falls between a thickness of 0,25mm and 0,4mm. The market for ultra-thin coated steel is negligible, particularly owing to the safety concerns in the general application of these products.

2.3.3 Commission's consideration

The subject product in this investigation has been defined as galvanised steel coil with a thickness of less than 0.45mm, and a width greater than 600mm, with a hot dipped galvanised (zinc) coating, classifiable under tariff subheading 7210.49.10. Based on the scope alone there is no basis to exclude galvanised steel coil of a width of less than 0.18mm and/or with a coating of less than 60 g/m² from the investigation. Notwithstanding the foregoing, consideration was given as to the actual exports of the subject product to the SACU. This is because it is not, as a general matter, the Commission's intension to impose duties on products that are not manufactured locally by the SACU industry in questions. The Commission considered the fact that sales schedule of one of the deficient exporters from China shows that the exporter sold a thickness of 0.35mm to the SACU during the POI. However, it is difficult to ascertain from the importers' comments alone if exporters from China are exporting products with a thickness of 0.17mm and less to the SACU. The Commission noted the fact that the importers who submitted comments are not involved in the importation and/or selling of the subject product. The Commission found it difficult to ascertain as a matter of fact the import dynamics as alleged by the importers.

Added to the above is that the import statistics and bill of entry from SARS does not differentiate imports in that manner. The Commission also did not receive comments nor responses from SACU importers of the subject product.

At this stage, therefore, it is difficult for the Commission to establish as the matter of fact whether and to what extent imports under the relevant tariff subheading are of thickness of 0.17mm and less. The Commission will investigate this matter further as the investigation is still ongoing.

The Commission decided to not change the scope of the investigation by limiting the thickness of the product or its coating as suggested by the importers.

The Commission made a preliminary 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 ADR 1.

3. INDUSTRY STANDING

The application was lodged by SACCA, an industry body of the SACU industry. The SACCA members were, at the time of submitting the application, AMSA, Safal and Duferco. They together constituted 100% of the domestic production of the subject products in SACU.

3.1 Comments by importers

The importers commented that Safal does not manufacture the subject product, and Duferco has since 2021 not been a role player in the SACU, after having been forced out as a result of AMSA, as reported in the media. Both Safal and Duferco have resigned as members of SACCA. With AMSA being the only SACCA member, the *locus standi* of SACCA to still be acknowledged as the Applicant is questionable, which would also raise doubt from a procedural point of view whether the investigation can continue.

3.2 Comments by the Applicant

The Applicant responded that Duferco and Safal were part of the SACCA resolution to submit the application. Subsequently, Safal and Duferco resigned from SACCA. The legal entity, SACCA (PTY) LTD, is still functional, with AMSA as the only remaining member.

The Applicant stated that the official unwinding of SACCA is on hold as the application was submitted by SACCA. The functions of SACCA will continue under South African Iron and Steel Institute, where AMSA, Safal and Duferco are all members. Consequently, the *locus standi* has not been an issue and that this is still the case.

3.3 Commission's consideration

The Commission noted that the arguments around the membership of SACCA and its standing to have submitted the application fail to focus on the actual requirements for the submission of applications as per the Commission's regulations and are otherwise without merit. The standing of a domestic party to

submit an application is based on the domestic production volume that it represents. In this regard, an application is properly submitted if it is brought “by or on behalf of the SACU industry”. Based on ADR 7, this is the case where the application is supported by a SACU producer or producers representing at least 25 per cent of domestic production by volume and that the producers expressing support for the application represent at least 50 per cent of domestic production by volume. Both requirements are met by the application submitted by SACCA as AMSA alone represented more than 90 percent of domestic production by volume at the time of lodging the application. Currently, AMSA, as the only remaining SACU producer of the subject product, represents 100 percent.

Duferco and Safal confirmed that they are no longer members of SACCA and that they remain neutral, i.e. they neither support or oppose the investigation. The Commission considered the fact that SACCA is still in existence, and the fact that Duferco and Safal have exited SACCA has no bearing on the standing of SACCA to bring the application and the investigation going forward.

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 7.2 of the ADR.

4. DUMPING

The margin of dumping is 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 free on board (FOB) export price. If the margin is less than two percent, it is regarded as *de minimis* in terms of the ADR and no anti-dumping duty will be imposed.

All exporters' questionnaire responses were found to be deficient. Due to the deficiencies and in accordance with ADR 31.3, no deficient submissions will be considered for the Commission's preliminary determination. The list of deficiencies is provided in the Commission's public file.

4.1 METHODOLOGY IN THIS INVESTIGATION FOR THE PRC

The Commission made a preliminary determination that the normal value and the export price be determined based on facts available. The facts available for normal value comprises of information supplied by the applicant and contained in the application. The facts available for export price are the import statistics obtained from SARS for the period of investigation for dumping.

4.1.1 Normal Value

The Applicant determined the normal value for the subject product based on domestic prices in the PRC.

The domestic price was sourced from the S&P Global Platts, an international subscription based steel publication which tracks the domestic selling prices in the PRC. This publication shows monthly prices of flat products ex-Stock Shanghai inclusive of Value Added Tax (VAT). The Applicant stated that the term "ex-stock" is similar to ex-works or ex-factory. Ex-stock is used to describe goods that buyers can have immediately because the seller has a supply of them available. Most ex-stock items can be delivered on the following day after the order is placed.

The ex-factory normal value was calculated to be \$805 per ton. The value in US dollar was then converted to South African Rands to be R12 370 per ton, using a conversion factor of 1\$=14.90 ZAR as sourced from Oanda.com for the period of investigation for dumping.

4.1.2 Export price

For the purposes of determining the export price, FOB export prices (R10 107 per ton) of the subject products, for the period of investigation for dumping were calculated from SARS' official import statistics. To calculate the ex-factory price, a port handling fee of 2% as a percentage of FOB value and VAT rebate of 13% were deducted. The ex-factory export price was determined to be R8 742 per ton.

4.1.3 Margin of dumping

The dumping margin for all exporters/producers in the PRC for the subject product is as follows:

Table 4.1.3: Margin of dumping

	R/ton
Ex- factory normal value	12 370
Less: Ex-factory export price	8 742
Margin of dumping	3 628
Margin of dumping a % of the ex-factory export price	41.50%

4.2 COMMENTS BY IMPORTERS

The importers commented about the dumping information as follows:

The normal value price appears to be Hot Dip Galvanized ("HDG") Flat Products, consisting of all product ranges of all flat-rolled products, including all corrugated products. Thus, the normal value of the end product is compared with the raw material used to manufacture the very end product. The normal value supplied is an extremely generic price without any further or clear qualification of what the product in question actually is.

The price used by SACCA appears to relate to a quality product of the DX51D9 or equivalent, of a 1mm thickness, which falls outside the scope of this investigation.

The price is not applicable to the Subject Product being galvanised steel coils with a thickness of less than 0.45mm.

It is a high probability that the terms of trade of the data as recorded in S&P Global Platts is not at an ex-factory level, but most likely a delivered price or an Ex-Stock price, all which would have an additional cost component of deliver cost. The normal value must be further downward adjusted if the Commission wishes to use it.

The importers commented that the port handling cost data SACCA used applies to the period January 2020 to December 2020 and not May 2021 to April 2022 and can thus not be regarded a substantiation for the May 2021 to April 2022 costs. It very strange that the Commission allows SACCA to use this outdated data, as it is known that applications are normally not accepted if such outdated data is supplied.

The imported commented that, notwithstanding the fact that the normal value and the export price are flawed, the SACCA dumping margin calculation is incorrect and overstated. There are significant differences with reference to the coating thickness and base-metal thickness that are not manufactured by SACU, which makes the imported product more cost-effective. If the specification on coating thickness and base-metal thickness are taken into account, the minimum and maximum parameters of the products will render two vastly different outcomes.

4.2.1 Commission's consideration

At the time of making a preliminary determination, the best information available to the Commission is the same information that the Commission considered to be *prima facie* evidence at the time of initiation. As indicated before, there are two exporters that responded in this investigation. At this stage their information is deficient and cannot be used. However, should the exporters fix their deficiencies during preliminary stage, the Commission will have a different set of information to use to calculate final dumping duties.

The Applicant indicated that there are no physical differences between the imported subject product and SACU produced subject product, and therefore did not make any adjustments in this regard. Due to the fact that the two PRC exporters are not yet verified, and the Commission found it difficult to ascertain as a matter of fact whether or not there are physical differences in terms of metal-base and coating thicknesses. As stated before, the importers are not involved in the production process or trading of the subject product. Once verification of the two exporters takes place, the Commission will be able to deal with this matter fully.

The Commission made a preliminary determination that the dumping of the subject products originating in or imported from the PRC is taking place.

5. MATERIAL INJURY

5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The injury information on the subject products is provided by AMSA, with more than 90 percent of the domestic production of the subject products in SACU during the POI for dumping.

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

5.2 MATERIAL INJURY ANALYSIS

The injury information presented below relates to the evaluation of data for the period of investigation.

5.3 IMPORT VOLUMES AND EFFECT ON PRICES

5.3.1 Import Volumes

The following tables show the volume of the alleged dumped imports of the subject products as sourced from SARS for the period of investigation.

Table 5.3.1: Import volumes

Ton	2019/20	2020/21	2021/22
Alleged dumped imports-PRC	13 828	36 085	54 939
Other imports-Other countries	3 560	5 415	332
Total imports	17 388	41 501	55 272
Alleged dumped imports as a % of total imports	80%	87%	99%
Other imports as a % of total imports	20%	13%	1%
Total imports	100%	100%	100%

Information in Table 5.3.1 above indicates that the alleged dumped imports increased by 161 percent from 2019/20 to 2020/21, further increased by 52 percent from 2020/21 to 2021/22 and increased by 297 percent between 2019/20 and 2021/22. Imports from other countries increased by 52 percent from 2019/20 to 2020/21, decreased by 94 percent from 2020/21 to 2021/22 and decreased by

91 percent between 2019/20 and 2021/22. It is evident that the alleged dumped imports account for a significant percentage of total imports into the SACU market.

5.3.2 Growth of subject imports relative to domestic production and consumption

The following tables show the effects of the alleged dumped imports on production and consumption.

	2019/20	2020/21	2021/22	Change between 2019-2022
Subject imports / domestic production (%)	100	118	132	32 percentage points
Subject imports / domestic consumption (%)	100	118	136	36 percentage points

Table 5.3.2: Growth of the subject imports in relative terms

5.4.2 Effect on Domestic Prices

5.4.2.1 Price undercutting

Price undercutting is the extent to which the price of the imported product is lower than the price of the like product produced by the SACU industry. The price undercutting for the period of investigation was calculated based on the Applicant's ex-factory price and the landed cost.

The following table shows price undercutting on the subject products for the POI.

R/ton	2019/20	2020/21	2021/22
Ex-factory selling price	100	112	156
Landed cost of imported product	100	81	128
Price undercutting	Yes	Yes	Yes
Price undercutting percentage	Yes	Yes	Yes

Table 5.4.2.1: Price Undercutting

The figures were indexed due to confidentiality using 2019/20 as a base year

Table 5.4.2.1 above indicates that the Applicant experienced price undercutting over the period of investigation.

5.4.2.1.1 Comments by importers

The importers commented that:

- (i) SACCA's substantiation should be rejected as it relies on data that are outdated and not relevant to the period. The freight and handling cost data applies to the period Jan 2020 to Dec 2020.

- (ii) AMSA's product is heavier as it contains more steel thickness and zinc coating thickness, therefore it cannot just be compared with the landed cost without making adjustments to ensure that the level of comparison is the same. The Commission is requested to make the adjustment on the prices of the AMSA product to calculate an exact price undercutting.

5.4.2.1.2 Commission's consideration

- (i) The freight and handling cost data for the 2020 period was not used as is, but was used to derive/construct the percentage rate for to be used for 2021/22 period. The percentages were then applied to FOB price data that relates to the POI for dumping.

- (ii) The two PRC exporters are not yet verified. The Commission noted the fact that the importers who submitted comments are not involved in the importation and/or production of the subject product. The Commission found it difficult to ascertain as a matter of fact from these comments alone that there is a need to adjust for physical differences. Once verification of the two exporters takes place, the Commission will be able to deal with this matter fully.

The Applicant indicated that there are no physical differences between the imported subject product and SACU produced subject product, and therefore did not make any adjustments in this regard.

5.4.2.2 Price depression

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

Table 5.4.2.2: Price depression

R/ton	2019/20	2020/21	2021/22
Ex-factory selling price	100	112	156

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

Table 5.4.2.2 above indicates that the Applicant did not experience price depression during the POI.

The Applicant stated that its selling prices are determined by two factors, which are the international price of hot rolled coil (HRC), an input and the price at which the subject product is imported into SACU. Therefore the increase in selling price reflects the increase in international HRC prices and the general increase in steel prices.

5.4.2.3 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 5.4.2.3: Price suppression

R/ton	2019/20	2020/21	2021/22
Ex-factory selling price	100	112	156
Production cost	100	100	114
Gross profit per unit	100*	-97	-581
Cost as a % of selling price	100	87	73

The figures were indexed due to confidentiality using 2019/20 as a base year. *The base value is a negative figure, which implies that any indexed value with a "-" in front, would present a positive value

Information in Table 5.4.2.3 above indicates that the Applicant did not experience price suppression over the POI.

5.4.3 CONSEQUENT IMPACT OF THE DUMPED IMPORTS ON THE SACU INDUSTRY

5.4.3.1 Actual and potential decline in sales volumes

The following table shows the Applicant's SACU sales volumes of the subject products:

Table 5.4.3.1: Sales volumes

	2019/20	2020/21	2021/22
Sales volume (Ton)	100	105	98

The figures were indexed due to confidentiality using 2019/20 as a base year

Information in Table 5.4.3.1 above indicates that the Applicant's sales volume increased by 5 percentage points from 2019/20 to 2020/21, decreased by 7 percentage points from 2020/21 to 2021/22, with an overall decrease of 2 percentage points over the POI.

5.4.3.1.1 Comments by importers

The importers commented that as AMSA's production capacity reduced with the closure of the Saldanha Steelworks in March 2020, its ability to efficiently supply the SACU re-rolling industry and also other SACU clients was seriously diminished. AMSA cannot meet the specifications required for all products that are in demand in the SACU market and do not have the various plate size thickness required. The allegation of suffering material injury, based on sales volume, must be rejected by the Commission.

5.4.3.1.2 Comments by the Applicant

The Applicant indicated that the allegation by interested parties is baseless and a mere emotional rant of disgruntled importers who choose to import a dumped product at the expense of the local industry. No substantiation whatsoever is provided to support their claims and it should be dismissed outright. The Applicant contends that the three importers that brought these comments did source their raw material requirements from AMSA in the past, and that capacity to supply them (their specifications) was and is still available.

5.4.3.3 Profits

The following table shows the profit situation applicable to each tariff sub-subheading and overall subject products:

Table: 5.4.3.3: Gross & Net Profits

	2019/20	2020/21	2021/22
Gross profit (R)	100*	-102	-571
Net Profit (R)	100*	-40	-379

The figures were indexed due to confidentiality using 2019/20 as a base year. * The base value is a negative figure, which implies that any indexed value with a "-" in front, would present a positive value.

Information in Table 5.4.3.3 above indicates that the Applicant incurred a gross loss in 2019/20, which increased to a positive profit by 2 percentage points in 2020/21, further increased by 469 percentage points from 2020/21 to 2021/22 with an overall increase of 471 percentage points over the POI.

Information in Table 5.4.3.3 further indicates that the Applicant incurred a net loss in 2019/20, which increased to a positive profit by 60 percentage points in 2020/21, further increased by 339 percentage points from 2020/21 to 2021/22, with an overall increase of 279 percentage points over the POI.

5.4.3.4 Market share

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

Table 5.4.3.4: Market share

Tons	2019/20	2020/21	2021/22
Applicant's market share as a % of total SACU market	100	86	78
Alleged dumped imports market as a % of total SACU market share	100	214	314
Other imports market share as a % of total SACU market	100	124	7

The figures were indexed due to confidentiality using 2019/20 as a base year.

Information in Table 5.4.3.4 above indicates that the Applicant's market share decreased by 14 percentage points from 2019/20 to 2020/21, decreased by 8

percentage points from 2020/21 to 2021/22, and decreased by 22 percentage points over the POI.

The alleged dumped imports market share increased by 114 percentage points from 2019/20 to 2020/21, further increased by 100 percentage points from 2020/21 to 2021/22, with an overall increase of 214 percentage points over the POI.

Imports from other countries' market share increased by 24 percentage points from 2019/20 to 2020/21, decreased by 117 percentage points from 2020/21 to 2021/22, with an overall decrease of 93 percentage points over the POI.

5.4.3.4.1 Comments by importers

The importers commented that the fact that the SACU market is shifting away from local supply is due to an inept AMSA and a shift to new technology that can produce lighter and thinner product that AMSA cannot manufacture. The growth of the Chinese imports is as a result of the new demand by the informal housing market for lighter and thinner products. The claim of injury based on market share should be rejected by the Commission.

5.4.3.4.2 Comments by the Applicant

The Applicant responded as follows:

The allegation of an "inept AMSA" is baseless and a mere emotional rant of disgruntled importers who choose to import a dumped product at the expense of the local industry. No substantiation whatsoever is provided to support their claims and it should be dismissed outright. The bulk of the market for the subject product falls between a thickness of 0,25mm and 0,4mm. The market for ultra-thin coated steel is negligible, particularly owing to the safety concerns in the general application of these products.

The roofing and cladding industry in South Africa is currently not regulated. As the products offered to the market becomes progressively thinner, the preservation of health and safety considerations for the citizenry of the country who inhabit the buildings built by using this crucial building materials within the built environment is jeopardised. This was demonstrated over the weekend of 13 June 2020 when 78 informal settlement dwellings

were destroyed in a blazing fire at Lacey Road informal settlement in Sydenham. A similar incident was reported in Atlantis where 5 people lost their lives.

The unrealistic low import price of this particular product, sometimes up to 600% below the cost of the raw material, has raised concerns on product quality and has put the viability of the entire industry at risk.

The statement made by the importers is devoid of any substance and the insinuation that this is a commonly used product is unsubstantiated.

5.4.3.5 Output

The following table shows the Applicant’s total output of the subject products:

Table 5.4.3.5: Output

Ton	2019/20	2020/21	2021/22
Output volumes	100	105	110

The figures were indexed due to confidentiality using 2019/20 as a base year.

Information in Table 5.4.3.5 above indicates that production volume increased by 5 percentage points from 2019/20 to in 2020/21, further increased by 5 percentage points from 2020/21 to 2021/22, with an overall increase of 10 percentage points over the POI.

5.4.3.6 Employment

The following table provides the Applicant’s total employment figures:

Table 5.4.3.6: Number of employees in manufacturing production

	2019/20	2020/21	2021/22
Direct labour units (Production)	100	94	94
Indirect labour units (Production)	100	74	53
Total labour units (Production)	100	89	85

The figures were indexed due to confidentiality using 2019/20 as a base year.

Information in Table 5.4.3.6 above indicates that the number of employees in production decreased by 11 percentage points from 2019/20 to 2020/21, further

decreased by 4 percentage points from 2020/21 to 2021/22, with an overall decrease of 15 percentage points over the period of investigation.

5.4.3.6.1 Commission’s consideration

The Commission noted the fact that the Applicant went through a restructuring exercise which resulted in a reduction in the number of employees, productivity and wages and salaries. Based on this reason the Commission made a preliminary determination that a reduction in the number of employees cannot be considered to be indicative of material injury.

5.4.3.7: Productivity

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

Table 5.4.3.7: Productivity

	2019/20	2020/21	2021/22
Production volumes (Ton)	100	105	110
Number of employees	100	89	85
Productivity per employee	100	118	129

The figures were indexed due to confidentiality using 2019/20 as a base year

Information in Table 5.4.3.7 above indicates that productivity per employee increased by 18 percentage points from 2019/20 to 2020/21, further increased by 11 percentage points from 2020/21 to 2021/22, with an overall increase of 29 percentage points over the POI.

5.4.3.8 Utilisation of production capacity

The following table provides the Applicant’s capacity utilisation.

Table 5.4.3.8: Capacity utilisation

Ton	2019/20	2020/21	2021/22
Total Installed Capacity	100	100	100
Actual production	100	105	110
Capacity utilisation %	100	105	110

The figures were indexed due to confidentiality using 2019/20 as a base year

Information in Table 5.4.3.8 above indicates that capacity utilisation increased by 5 percentage points from 2019/20 to 2020/21, further increased 5 percentage points from 2020/21 to 2021/22, with an overall increase of 10 percentage points over the period of investigation.

5.4.3.9 Return on Investment

The following table shows SACU industry's return on investment on the subject products:

Table: 5.4.3.9: Return on investment

(R)	2019/20	2020/21	2021/22
Net profit	100*	-40	-379
Net assets for the product concerned	100	105	104
Return on net asset %	100*	-38	-365

The figures were indexed due to confidentiality using 2019/20 as a base year. *The base value is a negative figure, which implies that any indexed value with a "-" in front, would present a positive value.

Information in Table 5.4.3.9 indicates that the Applicant incurred negative returns in 2019/20, which increased to a positive return by 62 percentage points in 2020/21, further increased by 327 percentage points from 2020/21 to 2021/22, with an overall increase of 265 percentage points over the POI.

5.4.3.10 Factors affecting domestic prices

The Applicant experienced price undercutting.

5.4.3.11 Margin of dumping

The following margin of dumping was calculated:

Table 5.4.3.11: Margin of dumping

Country of origin	Dumping margin as a % of the ex-factory export price
PRC	41.50%

5.4.3.12 Actual and potential negative effects on cash flow

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

Table 5.4.3.12: Net Cash flow in Rands

(R)	2019/20	2020/21	2021/22
Cash flow: Incoming	100	117	153
Cash flow: Outgoing	100	105	113
Net cash flow	100*	-40	-379

The figures were indexed due to confidentiality using 2019/20 as a base year. *The base value is a negative figure, which implies that any indexed value with a "-" in front, would present a positive value.

Information in Table 5.4.3.12 indicates that the Applicant incurred negative net cash flow in 2019/20, which increased to a positive by 60 percentage points in 2020/21, further increased by 339 percentage points from 2020/21 to 2021/22, with an overall increase of 279 percentage points over the POI.

5.4.3.13 Inventories

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

Table 5.4.3.13: Inventory volumes

	2019/20	2020/21	2021/22
Inventory volume (Ton)	100	63	169
Inventory value (R)	100	64	205

The figures were indexed due to confidentiality using 2019/20 as a base year.

Information in Table 5.4.3.13 above indicates that inventory volume decreased by 37 percentage points from 2019/20 to 2020/21, further increased by 106 percentage points from 2020/21 to 2021/22, with an overall increase of 69 percentage points over the POI.

The table further indicates that inventory value decreased by 36 percentage points from 2019/20 to 2020/21, increased by 141 percentage points from 2020/21 to 2021/22, with an overall increase of 105 percentage points over the POI.

5.4.3.13.1 Commission's consideration

The Commission considered the fact that the Applicant indicated during verification that the inventories indicated above are backlogs. Based on this reason, the Commission made a preliminary determination that the accumulation of inventory indicated in table 5.4.3.13 above cannot be considered to be indicative of material injury.

5.4.3.14 Wages

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

Table 5.4.3.14: Total Wages (production) in Rands

	2019/20	2020/21	2021/22
Wages and salaries	100	90	83

The figures were indexed due to confidentiality using 2019/20 as a base year.

Information in Table 5.4..3.14 above indicates that wages and salaries decreased by 10 percentage points from 2019/20 to 2020/21, further decreased by 7 percentage points from 2020/21 to 2021/21, with an overall decrease of 17 percentage points over the POI.

The Applicant stated that it has embarked on a restructuring exercise to improve efficiencies which led to a lower wage bill which has resulted in the wage rate being impacted negatively.

5.4.3.15 Ability to raise capital and investments

The following table provides SACU industry's ability to raise capital and investments on the subject products:

Table 5.4.3.15: Ability to raise capital and investment

	2019/20	2020/21	2021/22
Capital investment in subject product	100	99	103
Capital expenditure in subject product	100	79	61

The figures were indexed due to confidentiality using 2019/20 as a base year.

Information in Table 5.4.3.15 above indicates that capital investment on the subject product decreased by 1 percentage point from 2019/20 to 2020/21, increased by 4 percentage points from 2020/21 to 2021/22, with an overall increase of 3 percentage points over the POI.

Information in Table 5.4.3.15 above further indicates that capital expenditure on the subject product decreased by 21 percentage points from 2019/20 to 2020/21 further decreased by 18 percentage points from 2020/21 to 2021/22, with an overall decrease of 39 percentage points over the POI.

5.4.3.16 Growth

The following tables show size of the SACU market applicable to the subject products.

Table 5.4.3.16

Tons	2019/20	2020/21	2021/22	% change between Year 1&3
Size of SACU market	100	122	127	27
SACU market % growth of from previous year	-	100	17	-83
Applicant % growth from previous year	-	100	-128	-228
Other SACU producers % growth from previous year	-	100	-128	-228
Alleged PRC dumped imports % growth from previous year	-	100	32	-68
Other imports % growth from previous year	-	100	-180	-280

The figures were indexed due to confidentiality using 2019/20 & 2020/21 as a base year.

Information in Table 5.4.3.16 above indicates that the size of the SACU market grew by 22 percentage points from 2019/20 to 2020/21, further increased by 5 percentage points from 2020/21 to 2021/22, with an overall increase of 27 percentage points over the POI. In this growing market, the Applicant sales volumes did not grow, while the alleged dumped imports grew significantly.

5.4.3.17 Summary of material injury

Based on the above information, the evaluation of the injury information of the Applicant for the period of investigation is summarised as follows:

- Price undercutting;
- Decline in sales volume;
- Loss in market share; and
- Low capacity utilisation.

On volumes, the Applicant's sales volume declined by 2% and lost market share of 19.7% whilst the alleged dumped imports increased market share by 22% and are undercutting the Applicant's prices. Production increased, however capacity utilisation remains low at 42% at the end of the POI, with 58% of unused capacity.

5.4.3.18 Comments by interested parties

- (i) The first step in the determination of material injury by the Commission is to establish if the SACU industry experienced price depression and price suppression. Only then the Commission can move over in accordance with ADR13.2, to further consider whether there have been significant changes in the domestic performance of the SACU industry. AMSA is neither experiencing price depression nor price suppression. As result, the Commission cannot evaluate the injury factors as set out in ADR 13.2 and should never have accepted the flawed SACCA Application.
- (ii) The majority of assessment factors indicates either no injury was suffered or insufficient evidence. Only one injury factor that allegedly according to SACCA cause material injury remains, being, capacity utilisation. To make a finding that AMSA suffered material injury based on capacity utilization that actually increased over the POI, would be highly irregular and would raise eyebrows at the WTO.
- (iii) The application does not relate to the likelihood and/or threat of material injury. Therefore, the allegations that there is a likelihood that profits will be temporary, that domestic production volume would decline significantly, and the industry will

suffer material injury should alleged dumped imports continue, must be rejected by the Commission.

5.4.3.19 Commission's consideration

- (i) In making a determination on material injury, it should be borne in mind that an industry can experience material injury on “price” or “volume” indicators. It is not correct to suggest that if injury on price (for example price depression and suppression) is not present, therefore other volume-based injury factors should not be looked at.

- (ii) When evaluating injury factors, it should be borne in mind that the decision is not made based on the majority of factors. Companies in different industries can experience material injury even if the injury is found from a minority of injury factors. The determination of material injury is a holistic decision-making process, hence the Commission does not have a threshold in terms of the minimum and/or maximum number of injury factors that should be positive to make a finding of material injury. The injury indicators identified in this investigation are sufficient to demonstrate the state of an industry that is experiencing material injury as a result of dumping of the subject product from the PRC. The Applicant provided *prima facie* evidence to prove material injury.

- (iii) The determination on material injury is made based on the actual data, not the explanations. These explanations are there to assist the Commission to understand the data where necessary. In this case, the Commission did not rely on these speculations by the Applicant to make a preliminary determination.

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

5 CAUSAL LINK

5.1 GENERAL

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

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

5.2 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.

5.2.1 Import volumes

The following tables show import volumes of the subject products:

Table 5.2.1: Import volumes

Ton	2019/20	2020/21	2021/22
Alleged dumped imports	13 828	36 085	54 939
Other Imports	3 560	5 415	332
Total Imports	17 388	41 501	55 272
Alleged dumped imports as a % of total imports	80%	87%	99%
Other imports as a % of total imports	20%	13%	1%
Total Imports	100%	100%	100%

Information in Table 5.2.1 above indicates that the alleged dumped imports increased by 161 percent from 2019/20 to 2020/21 further increased by 52 percent from 2020/21 to 2021/22. During the POI, the alleged dumped imports increased by 297 percent. These percentages should be understood in relation to the data below which show that imports of the alleged dumped imports now account for a growing and significant share of the SACU market.

5.2.3 Market share

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

Tons	2019/20	2020/21	2021/22
Applicant's market share as a % of total SACU market	100	86	78
Alleged dumped imports market as a % of total SACU market share	100	214	314
Other imports market share as a % of total SACU market	100	124	7

Table 5.2.3: Market share

The figures were indexed due to confidentiality using 2019/20 as a base year.

Information in Table 7.2.3 above indicates that the Applicant's market share decreased by 14 percentage points from 2019/20 to 2020/21, decreased by 8 percentage points from 2020/21 to 2021/22, and decreased by 22 percentage points over the POI.

The alleged dumped imports market share increased by 114 percentage points from 2019/20 to 2020/21, further increased by 100 percentage points from 2020/21 to 2021/22, with an overall increase of 214 percentage points over the POI.

Imports from other countries' market share increased by 24 percentage points from 2019/20 to 2020/21, decreased by 117 percentage points from 2020/21 to 2021/22, with an overall decrease of 93 percentage points over the POI.

5.2.3.1 Commission's consideration

The Commission considered that the alleged dumped imports market share constitutes not only a significant portion of imports but also of the overall SACU market.

5.3 EFFECT OF DUMPED IMPORTS ON PRICES

It has already been shown in section 5 of this report that the applicant experienced price undercutting, but did not experience price depression and price suppression.

5.4 CONSEQUENT IMPACT OF DUMPED IMPORTS

Table 5.4: Material Injury Indicators

Injury Indicators	Analysis (2019/20 – 2021/22)
Price depression	None
Price suppression	None
Sales volume	Decreased
Profits	Positive
Output	Increased
Market share	Decreased
Productivity	Increased
Return on investment	Positive
Utilisation of capacity	Constant
Applicant's Growth	Decreased
Inventories	Increased

5.5 FACTORS OTHER THAN THE DUMPING CAUSING INJURY

Table 5.5: Examination of causality under Article 3.5 of the WTO ADA

	2019/20	2020/21	2021/22	% change between Year 1&3
FOB prices of imports not sold at dumped prices (R/ton)	11 287	11 720	7 387	-35%
Volume of imports not sold at dumping prices (ton)	3 560	5 415	332	-91%
Changes in demand or patterns of consumption	The Applicant stated that due to the recovery from the COVID-19 impact and strong local demand in the informal housing market, the total market size for the subject product increased. The Applicant also stated that sales and other imports declined while the alleged dumped imports increased.			

	2019/20	2020/21	2021/22	% change between Year 1&3
Trade-restrictive practices of foreign and domestic producers	The Applicant stated that there were no trade restrictive practices.			
Developments in technology	The Applicant stated that there have been no major developments, however there is constant increase demand for thinner gauge products.			
Export performance of the domestic industry	The Applicant stated that owing to increasing Chinese influence on the African market, export sales for the last year of the period of investigation have been significantly lower. The Applicant also stated that a more stable local market may ensure that it will be able to export more consistent volumes.			
Productivity of the domestic industry	The Applicant stated the productivity of the South African producers are on par with their overseas counterparts.			
Any strikes, go-slows or lockouts in the last 12 months	The Applicant stated that there were no strikes, go slows or lockouts in the last 12 months.			
The effects of exchange rates on production cost, selling price, and the price of the imported product.	The Applicant stated that the exchange rate remained stable over the investigation period. It therefore had very little impact on our production cost, selling price and the price of the imported product.			
Indicate any other factors affecting the SACU prices	The Applicant indicated that it is not aware of any other factors affecting the SACU sales and prices.			

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 experienced by the SACU industry and there were no other factors sufficiently detracting from the causal link.

6 SUMMARY OF FINDINGS

6.1 Dumping

The Commission made a preliminary determination that the dumping of the subject products, classifiable under tariff sub-heading HS 7210.49.10, originating in or imported from the PRC is taking place. A dumping margin of 41.50 percent was determined.

6.2 Material Injury

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

- Price undercutting;
- Declining sales volume;
- Decrease in market share; and
- Low-capacity utilisation.

Based on this information, the Commission made a preliminary determination that the SACU industry is experiencing material injury.

6.4 Causal Link

The Commission made a preliminary determination that there is a causal link between the alleged dumped imports and material injury experienced by the SACU industry and there were no other factors sufficiently detracting from causal link.

7 PROVISIONAL PAYMENTS

7.1 The Commission found that all requirements for the imposition of a provisional duty have been fulfilled.

7.2 The Lesser duty rule

The lesser duty means that the provisional payment or anti-dumping duty is imposed at a lesser of the margin of dumping or the margin of injury, which is deemed sufficient to remove the injury caused by the dumping.

ADR 17 provides that the Commissions shall consider applying the lesser duty rule if both the cooperating exporter responds fully with its related importer. The Commission made a preliminary determination not to apply the lesser duty rule given the deficient responses of the exporters/producers.

7.3 Amount of provisional payments

The amount of provisional payments was determined to be 35.90 percent *ad valorem*.

8 DETERMINATION

The Commission made a preliminary determination that:

- Dumping of other flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, otherwise plated or coated with zinc of a thickness of less than 0,45 mm originating in or imported from the PRC is taking place;
- The SACU industry is experiencing material injury and;
- There is a causal link between the alleged dumped imports and the material injury experienced by the SACU industry.

The Commission decided that provisional measures be imposed for 6 months pending the finalisation of the investigation on the alleged dumping of the subject product originating in or imported from the PRC, as follows:

Table 8: Provisional Payments

Tariff subheading	Full description	Country of origin	Producer/ exporter	Duty
7210.49.10	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated: Otherwise plated or coated with zinc: Of a thickness of less than 0.45 mm	PRC	All producers/exporters	35.90 % <i>ad valorem</i>

Interested parties are invited to submit comments and make representations on the preliminary determination within the specified time periods, which the Commission will consider prior to making its final determination and recommendation to the Minister.