

Report No. 720

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: FINAL DETERMINATION

The International Trade Administration Commission of South Africa herewith presents its **Report No. 720: 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: FINAL DETERMINATION**



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CHIEF COMMISSIONER

PRETORIA
DATE: 31/08/2023

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: FINAL DETERMINATION

SYNOPSIS

1. 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.
2. 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 had 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”).

3. 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.
4. 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.
5. 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.
6. Questionnaire responses were received from two (02) producers/exporters in the PRC. Joint comments were received from three companies in the SACU that are not importing the subject product. The two exporters/producers are Shandong Tongsheng Composite Material Co., Ltd., (“Tongsheng”); and Shandong Guanxian Rongda Composite Material Co., Ltd. (“Rongda”). Information submitted by the two exporters/producers was considered deficient. In line with ADR 32.4, the Commission decided not to consider the deficient responses of the two exporters/producers for purposes of its preliminary determination. The Applicant also provided comments in response to the joint comments submitted by the three SACU importers that are not importing the subject product.
7. 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 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 continued. Provisional payments were imposed through *Government Gazette* No. 48211 with effect from 17 March 2023 up to and including 16 September 2023. The Commission’s reasons for its preliminary determination are contained in Preliminary Report No. 710. On 17 March 2023, the Preliminary Report was issued to interested parties for comments.

8. Based on the information as contained in the Commission’s Preliminary Report, comments received, oral presentations, the verified producer/exporter’s information, and responses received thereto, the Commission made a final determination before “essential facts” that it was considering that the subject product originating in or imported from the PRC was being dumped into the SACU market, causing material injury to the SACU industry. On 22 June 2023, essential facts letters were sent to all interested parties, informing them of the “essential facts” which were being considered by the Commission for purposes of its final determination and inviting comments on those “essential facts”.
9. In this anti-dumping investigation, the Commission was called upon to make a decision whether the subject product originating in or imported from the PRC is being dumped onto the SACU market, whether the SACU industry producing the like product is suffering material injury, and whether there is a causal link between the two.

a) Dumping

The finding of dumping for each exporter/producer was based on the producer’s own information, and the finding of dumping for all other producers/exporters that did not cooperate was based on the best information available, being Tongsheng’s domestic sales information and import statistics from SARS. The Commission calculated the following dumping margins:

Table 9 (a): Margins of dumping

Producer/exporter	Dumping margin as a % of the ex-factory export price
Tongsheng	6.55%
Rongda	6.55%
Other producers/exporters in the PRC	55.02%

Based on the above, the Commission made a final determination that the subject product, classifiable under tariff sub-heading HS 7210.49.10, originating in or imported from the PRC, is being dumped the SACU market.

Further details on dumping are presented in section 4 of this Report.

b) Material injury

A determination of material injury involves an objective consideration of the volume effects, the price effects, and the impact on the domestic industry of dumped imports. An investigation may involve volume effects or price effects or both. For the examination of evidence of material injury, it should be noted that only a consideration of both volume and price effects is mandatory, and not necessarily a positive finding of an effect on both volume and prices. Therefore a positive finding on either (or both) will suffice for a positive finding on material injury.

Volume effects

In this investigation, the Commission found that the most pronounced effects are based on the volume of the subject imports, meaning there has been a significant increase in the dumped imports, both in absolute terms and relative to production and consumption in the SACU. Highly relevant here, given the volume effects of the subject imports, are the SACU industry's significant loss of market share, loss of sales volumes, loss of employment, increase in inventory levels, and very low levels of capacity utilisation.

Although the SACU industry did increase its production output over the period of investigation ("POI"), nearly half of this increase went into inventory. Also, although profits and the return on assets increased considerably over the POI, this should be seen in the context of a recovery of the domestic and global

markets, which afforded the domestic industry the opportunity to increase its prices. However, the Commission is of the view that the ability of the SACU industry to push through additional price increases, as well as increase its sales and capture market share may not be possible going forward given the significant price undercutting that the SACU industry is facing at the hands of these imports. To support this view, the Commission considered the fact that the PRC has an excess supply of the subject product and that major markets still have trade remedies barriers in place against imports of the subject product from the PRC, such as:

- anti-dumping duties of 16.13% imposed by Malaysia in 2019;
- anti-dumping duties of 199.43% imposed by the United States of America (“US”) in 2016;
- safeguard duties of between 39.05% and up to 256.44% imposed by the US in 2016; and
- anti-dumping duties of between 17.2% and up to 27.8% were imposed by the European Commission (“EC”) in 2018.

In February 2023, the EC issued a notice that an expiry review for anti-dumping duties mentioned above was initiated at the request of the European Steel Association (“Eurofer”). In the notice, published on 14 February 2023, the EC stated that *“the applicant has provided evidence that, should measures be allowed to lapse, the current import level of the product under review from China to the Union is likely to increase due to the existence of unused capacity in China,”* [own underlining]. The EC also noted in the notice that *“Eurofer also provided evidence that Chinese exporters are selling their products in other markets at prices much lower than the one seen in the EU market, confirming therefore that the latter remains an attractive market for Chinese exporters”*. In addition, Eurofer stated in the same notice that, amongst other things, *“the surplus of supply due to low steel demand in China due to post Covid-19 developments, the measures imposed from other third countries against imports of certain corrosion resistant steels from China, [are] likely to lead to the”*

redirection of the imports of the product concerned to the Union market, if measures expire” [own underlining].

The above is an indication that the PRC has excess production of the subject product, remains with excess capacity, and that the PRC is still targeting export markets to sell their product and the SACU market will remain an attractive target market if not protected.

Price effects

In this investigation, the Commission found that the most pronounced price effects were based on price undercutting. There has been a significant increase in price undercutting over the POI and high levels of price undercutting at the end of the POI. Highly relevant here is that the price effects can be either on price undercutting or price depression/suppression. In this case, the effect was on price undercutting only. The fact that there were no price effects in terms of price depression/suppression would not prevent the Commission from making a positive finding on material injury because no one or several of these factors being considered in a material injury determination can necessarily give decisive guidance in making a finding.

Summary

The Commission considered the fact that the determination on material injury is not made based on the majority number 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.

Further details on material injury are presented in section 5 of this Report.

c) Causality

As stated before in this Report, the Commission was called upon to make a decision on whether there is a causal link between the dumped subject imports and the material injury being experienced by the SACU industry. In this section, attention is given to issues surrounding the determination of a causal link between the two. In examining the impact of dumped imports on the domestic industry, i.e. causality, the Commission evaluated all relevant economic factors bearing upon the state of a domestic industry.

The analysis of the evidence before the Commission shows that:

- The dumped subject imports increased consistently throughout the POI, with an overall significant increase in both absolute and relative terms at the end of the POI;
- the dumped subject product has been undercutting the SACU product throughout the POI, and price undercutting remains at the highest levels at the end of the POI;
- the dumped subject imports' market share increased consistently throughout the POI, with an overall significant increase at the end of the POI; and
- the magnitude of dumping ranges from 6.55 % to a maximum of 55.02%.

The analysis of other known factors, in particular the volume and price of undumped imports which, while low in price, declined to marginal volume levels, does not indicate that those factors could have sufficiently detracted from the causal link established by the factors discussed above.

Further details on the causal link are presented in section 6 of this Report.

- 10.** After considering all interested parties' submissions, oral presentations, and comments received, the Commission made a final determination that:
 - the subject product originating in or imported from the PRC was being dumped into the SACU market;
 - the material injury indicators (both on volume and price effects) identified in

this investigation are sufficient to demonstrate the state of an industry that is experiencing material injury; and

- there is a causal link between the two, and there are no other factors sufficiently detracting from the causal link.

11. The Commission, therefore, decided to recommend to the Minister of Trade, Industry and Competition (“the Minister”) that definitive anti-dumping duties on imports of the subject product classifiable under tariff subheading HS 7210.49.10, originating in or imported from the PRC, be imposed as follows:

Table 11: Definitive anti-dumping duties

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	Shandong Guanxian Rongda Composite Material Co., Ltd.	6.02 % <i>ad valorem</i>
			Shandong Tongsheng Composite Material Co., Ltd.	5.61% <i>ad valorem</i>
			All producers/exporters (excluding those produced by Shandong Guanxian Rongda Composite Material Co., Ltd., and Shandong Tongsheng Composite Material Co., Ltd.)	53.84% <i>ad valorem</i>

1. APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

This investigation is conducted in accordance with the International Trade Administration Act, 2002 and 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, 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 from 01 May 2021 to 30 April 2022. The investigation period for material injury is from 01 May 2019 to 30 April 2022.

1.7 PARTIES CONCERNED

1.7.1 SACU industry

The SACU industry for the subject product consists of AMSA and Duferco, which together constitute 100% of the SACU domestic production of the subject product.

1.7.2 Foreign Manufacturers/Exporters

Responses to the Commission's exporter's questionnaire were received from Shandong Tongsheng Composite Material Co. Ltd. and Shandong Guanxian Rongda Composite Material Co. Ltd. Initial responses submitted by the 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.

Rongda and Tongsheng rectified their deficiencies after the preliminary determination. The information submitted by Rongda and Tongsheng was verified by the Commission and their information was considered for purposes of the Commission's final determination.

1.7.3 Other interested parties

Comments were received from the following interested parties:

- The Applicant;
- South African Iron and Steel Institute ("SAISI");
- National Employers' Association of South Africa ("NEASA");
- Safal;
- Duferco;
- Industrial Development Corporation ("IDC"); and
- SS Profiling (Pty) Ltd, Steelworld Roofing Systems (Pty) Ltd, and Inter Steel (Pty) Ltd ("the Group").

Commission's consideration

Any person may submit comments with regard to the application. The Group submitted comments on the initiation of the investigation, comments on the Preliminary Report, and comments on the essential facts letter. The Group also made an oral presentation before the Commission. All the non-confidential versions of the Group's comments and presentations are available in the public file of this investigation for viewing.

Although the Group submitted comments, the Commission noted that the Group is not involved in the importation, production, or in any other manner regarding the subject product. It is the Commission's understanding that the concern of the Group was the request by the Applicant to extend the anti-dumping duties to a tariff subheading under which the Group is importing. The Commission made a preliminary determination not to grant the Applicant's request and made a final determination not to grant the Applicant's request to extend the duties to other tariff subheadings that are not at issue in the investigation. The Commission considered comments by the Group on the initiation notice and the Commission's considerations are discussed in the Commission's Preliminary Report No. 710. The Commission also considered the Group's comments and presentation on the Commission's Preliminary Report, which was indicated in the Commission's essential facts letter dated 22 June 2023.

The Commission notified the Group, through its essential facts letter, that the Commission was considering not to consider the Group as an interested party, for the purpose of this investigation, since it was (at the time of making final determination before essential facts) considering to make a final determination to reject the Applicant's request to extend the anti-dumping duties to a tariff subheading under which the Group is importing, which, according to the Commission's understanding, was the focal point of interest and concern for the Group.

The Group submitted the following comments regarding the Commission's consideration to not recognise the Group as an interested party in this investigation:

- The Group stated that their concern and interest in the investigation are not only limited to the Applicant's attempt to use the application as an umbrella application, to also impact other tariff subheadings. According to the Group, indications are that the Applicant or its members on an individual basis will use this investigation as a springboard to apply for further investigations to the Commission, presenting additional unfounded allegations to still achieve the umbrella effect. This would most likely also involve products that the Group does trade in, which might be subjected to anti-dumping duty applications.

- Therefore, the Group argued that the fact that they are not involved in the importation or production of the subject product does not automatically disqualify them from being recognised as interested parties in the Commission's investigation, they remain interested parties until the final publication of this original investigation's final determination report.

The Commission noted the fact that the indications that the Group was referring to were not substantiated. The Commission has made a decision in this investigation regarding the "umbrella effect" the Group was referring to, by rejecting the request by the Applicant to extend duties to other tariff subheadings that are not part of the investigation. The Commission cannot consider the Group's comments on the basis of future possibilities of another anti-dumping application that the Commission knows nothing of. Once the Commission has initiated an investigation on an industry application that involves products that the Group trades in, the Group is welcome to defend its interest there, but not to use this investigation (where they have no direct interest) to defend their future interest. The Commission, in accordance with the definition of interested parties in ADR1, made a final determination that the Group is not an interested party for the purpose of this investigation.

As a result, the comments from the Group were considered by the Commission, but were not used to make a final determination. As indicated before, all the comments and presentations are available in the public final and comments that were considered and used are discussed in Report No.710.

1.8 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 was 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 of 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. Provisional payments were imposed through Government Gazette Number 48211 with effect from 17 March 2023 up to and including 16 September 2023.

The Commission's reasons for its preliminary determination are contained in the Preliminary Report No. 710. On 17 March 2023, the Preliminary Report was issued to interested parties for comments. Comments to the Commission's Preliminary Report were received from:

- The Group;
- The Applicant;
- SAISI;
- NEASA;
- Safal;
- Duferco; and
- IDC.

1.8.1 Comments from IDC

- IDC stated that the producers of the subject product in SACU have been significantly impacted by the huge increase in the imports of the subject product at low prices. The loss in market share, price undercutting, the decline in sales volume, and low capacity utilisation at AMSA is also evident at Duferco and Safal.
- IDC indicated its concern about the preliminary decision not to extend the duty to other tariff headings while there is evidence of circumvention as a result of a 10% ordinary customs duty increase. IDC stated that the decision will significantly impact Safal going forward as a major producer of the Alu-zinc product. IDC requested the Commission to reconsider its preliminary decision in this regard.

1.8.2 Comments from NEASA

NEASA stated that the effects of the provisional duties have already materialised in the form of job losses, short-time, a moratorium on investment with regards to the products affected, as well as the closure of dedicated production lines. NEASA further stated that the implementation of the provisional duties and all other duties, greatly contribute to making the manufacturing industry less competitive and thereby contributing to the decline of manufacturing in South Africa. NEASA requested the Commission to remove the provisional duties and not introduce any further duties in order to create certainty amongst manufacturers.

Commission's consideration

The Commission noted that the alleged negative effects reported by NEASA were not substantiated. The representatives and/or associations of the SACU industry, including SAISI who is the official voice of the Steel Industry, did not report any of these negative effects as alleged by NEASA to be taking place in the Steel industry as a result of the implementation of the provisional duties in the last three months.

1.8.3 Comments from the Applicant

The Applicant stated that the preliminary decision not to extend the duty to other tariff headings while there is evidence of circumvention as a result of the 10% ordinary customs duty increase, dilutes the intended effectiveness of the unfair trade protection afforded AMSA and poses a serious risk to the market share of Safal, the producer of Alu-zinc coated galvanised steel coil.

The Applicant further stated that importers under the tariff subheading applicable to this investigation import under tariff subheading 7225.92.10 which is currently duty-free, by just adding traces of boron in the analysis certificate in order to change the classification of the product. These are minor modifications to the product subject to anti-dumping duty in order to import it in another tariff line that is free of dumping duty. These minor modifications have no bearing on the physical characteristics of the subject product. The Applicant, therefore, submitted that there is a case of circumvention through improper declaration or the nature of the classification of the product as envisioned in both ADR 60.1 & 60.2 (a) (iii) and (b), read with ADR60.4.

The Applicant requested that provisional duties be extended to tariff subheadings 7210.61.10 and 7225.92.10.

Commission's consideration

The Commission noted the claimed anticipated circumvention of the anti-dumping duties and the concerns about the weakening effect this might have on the effectiveness of the anti-dumping duties and consequential impact on Safal (also see comments from Safal in section 1.8.4 below). The Commission considered ADR 60.1, which indicates that circumvention shall be deemed to take place if there is a change in the pattern of trade, for which there is no or insufficient economic justification other than the imposition of the anti-dumping duty. The claim of the existence of circumvention by the Applicant emanates from the increase of the ordinary customs duty, not the anti-dumping duty. The Commission noted that the fact that remedial action of circumvention is not a by-product of the anti-dumping investigation, meaning that a *prima facie* case of circumvention has to be submitted and investigated by the Commission. The Commission advised the Applicant to submit a properly documented case of circumvention as a result of the introduction of the anti-dumping duties. The Commission, in conjunction with SARS and the SACU industry, will monitor and swiftly act against any acts of circumvention during the period when the duties are in place. The Commission made a final determination to reject the Applicant's request to extend the definitive duties to other tariff subheadings on the basis of anticipated circumvention and unsubstantiated claims of improper declaration and minor modifications.

1.8.4 Comments from Safal

Safal stated that they expect that the SACU market will now be flooded by low-priced coated Alu-zinc products (classifiable under HS7210.61.10) that will cause material injury to Safal. Safal further stated that the low priced Alu-zinc products will not only substitute the subject product (classifiable under HS 7210.49.10) but also unfairly compete with Safal's product and undercut Safal's selling prices.

1.8.5 Comments from SAISI

SAISI stated that the Commission's preliminary decision on circumvention will undermine the effectiveness of the anti-dumping protection. According to SAISI, the risk of circumvention through minor alterations of the products is highly likely. SAISI requested the Commission to consider a different approach to address the risk of circumvention, such as:

- Conducting regular reviews of the products subject to duties and identifying any suspicious activities, such as transshipment, misclassification of products, or other forms of fraud.
- Increasing transparency by providing clear and concise information about anti-dumping duties and their application to importers and exporters.
- Imposing penalties on parties found to be circumventing the duties and publishing the list of such offenders.
- Increasing international cooperation between governments to help prevent circumvention of anti-dumping duties. This can involve sharing information, coordinating investigations, and implementing joint enforcement measures.

Commission's consideration

The Commission noted the concerns by SAISI on the weakening effect that the anticipated circumvention might have on the effectiveness of the anti-dumping duties. This concern is already addressed in Commission's consideration in section 1.8.3 above. The Commission also noted the alternative approaches proposed by SAISI. In addition to that, the Commission considered the fact that the administering of the duties is the work of SARS, which includes imposing penalties on parties that are found by SARS to be conducting improper activities and forms of fraud in trying to avoid paying import duties.

1.8.6 Comments from Duferco

Duferco stated that they have the capability and capacity to manufacture the subject product but cannot come back into the domestic market as long as Duferco is not able to source Hot Rolled Coil ("HRC") exempted or free from import duties. According to Duferco, the introduction of anti-dumping duties alone is not going to assist Duferco. Duferco stated that without being able to source raw material (HRC) freely without the

10 percent customs duty whether internationally or from AMSA locally, it will remain uncompetitive against AMSA despite the potential benefit of the imposition of the anti-dumping duties on the subject product and will not be able to re-enter the SACU market as an alternative manufacturer and competitor regarding the subject product. Duferco requested the Commission to enable Duferco to import the HRC raw material duty-free to be able to go back into the production of the subject product.

Commission's consideration

The Commission considered the fact that the difficulties experienced by Duferco as a result of an increase in the ordinary customs duty and supply agreements with AMSA cannot be remedied by an anti-dumping investigation, whose main focus is to deal with dumped imports. The Commission noted that Duferco is currently producing the subject product for the export market only and is rebated on HRC customs duty for export purposes. Duferco is not competing with dumped imports in the domestic market. However, the introduction of anti-dumping duties will in one way or another curb imports, particularly low-priced imports. The Commission believes that will create a space for Duferco to sell and regain market share in the domestic market. In the past, the Commission considered and recommended rebate provision for Duferco on HRC, however, the recommendation was rejected by the Minister of Trade, Industry and Competition. In terms of this anti-dumping investigation, the protection is intended for SACU producers who are competing with imports in the SACU market.

1.9 ESSENTIAL FACTS LETTERS

On 13 June 2023, the Commission made a final determination before essential facts and decided to issue essential facts letter. Essential facts letters were sent out to all interested parties, informing them of the “essential facts” which were being considered by the Commission and inviting comments on those “essential facts”. Comments to the essential facts letter were received from:

- The Applicant;
- The Group;
- NEASA;
- Tongsheng; and
- Rongda.

1.9.1 Comments from the Applicant

The Applicant raised the following issues of concern:

- The Applicant is concerned that exports from both Rongda and Tongsheng are very low and estimated to be less than 70 tonnes, which is equal to 0.1% when compared to Chinese total exports of more than 56 000 tonnes to SACU during the POI.
- Taking into consideration the proposed lower duties on the two exporters compared to the higher residual duty on all other exporters, the Applicant is concerned that this will result in the two companies becoming channels for exports of the subject product to the SACU market. According to the Applicant, this will take shape in the form of both Rongda and Tongshen being used by bigger companies in the PRC that will be subjected to the high residual duty, to export the subject product in the SACU market through their lower dumping duty.
- To address these concerns, the Applicant proposed that anti-dumping duties calculated for these two exporters be limited to the models that were exported by them to SACU during the POI, and all other models exported by Rongda and Tongsheng to the SACU should pay the residual margin of dumping.

Commission's consideration

- The Commission noted the concerns raised by the Applicant regarding the possibility of the two exporters being used as conduits by non-cooperated companies to export the subject product to SACU. The Commission, in conjunction with SARS and the SACU industry, will monitor and swiftly act against any such acts during the period when the duties are in place.

The Commission deemed the request by the Applicant to be tantamount to limiting the scope of the investigation to only two models, and doing such in the manner suggested by the Applicant would be inconsistent with the ADR and WTO ADA. The Commission considered the fact that the calculation of dumping based on certain models does not mean that the foreign exporter of such models cannot export to SACU other models that were not part of the calculation as they were not exported to SACU during the POI. Any models can be imported as long as they are part of the subject product and be subject to the same level of duty. The

Commission also considered the fact that the anti-dumping duties are levied on the subject product as a whole and not a model. As indicated before, SARS does not levy duties and/or report imports according to different thicknesses/product models.

The Commission made a final determination to reject this request from the Applicant.

1.9.2 Comments from NEASA

NEASA submitted the following comments regarding the Commission's consideration to make a final determination to recommend that the duties be imposed:

- The anti-dumping duties are not in the public's interest, especially not that of the poor and vulnerable. The informal market is not able to afford the AMSA products and higher duties will not lead to increased AMSA sales in the informal market. A great portion of the affected products, especially thin-gauge galvanised coil, has enabled lower-income groups to afford basic shelter.
- There is demand in the informal sector for much thinner products that are only available via import, and there is an increasing demand in the formal market for thinner products with a lesser coating, which AMSA is not capable of producing.

Commission's consideration

The Commission noted the fact that the comment about the greater demand in the country for product thicknesses that AMSA is not currently producing was not substantiated. NEASA did not provide any data on this. The substantiated evidence before the Commission is from AMSA and findings from verification. AMSA indicated that they are capable of producing smaller segments and will do so should they receive orders. AMSA indicated that the smaller segments are specifically not being offered to the market by AMSA because the market for them is negligible, particularly owing to the safety concerns in the general application of these products in the informal housing market. AMSA provided a breakdown of AMSA's sales volumes per product thickness to support their comment.

The Commission noted the comments regarding the anticipated effects of the duty on the poor and vulnerable are noted. However, the consideration of public interest is not part of the anti-dumping investigation process, but that of the safeguard investigation. The indication by NEASA seems to be that the duties are meant to elevate AMSA to be the only seller of the subject product in SACU, such view is not correct. There is evidence that these products are being dumped in SACU, amounting to unfair trade, requiring that the domestic industry be protected from that.

1.10 FINAL DETERMINATION AND RECOMMENDATION

After considering all interested parties' submissions, the oral presentation, and comments received, the Commission made a final determination that the subject product originating in or imported from the PRC was being dumped into the SACU market, causing 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 imports of the subject product originating in or imported from the PRC, be imposed as follows:

Table 1.10: Definitive anti-dumping duties

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	Rongda	6.02 % ad valorem
			Tongsheng	5.61% ad valorem
			All other producers and/or exporters (excluding Rongda and Tongsheng)	53.84%ad valorem

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 salient and pivotal comments received from interested parties and the Commission's considerations 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 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 undergo a 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.

2.1.4 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 provisions 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 (tons)	01 May 2021 to 30 April 2022	Volumes as a % of total imports
Alleged dumped imports	54 939	99%
Other imports	333	1%
Total imports	55 272	100%

The Commission made a final 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 is 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/m²) will vary between 30 and 235 g/m². 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 the 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.

2.2.4 Technical characteristics and appearance

The Applicant provided the technical characteristics and appearance of the SACU product is 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/m²) will vary between 30 and 235 g/m². The zinc coating that forms has a bright metallic appearance and can be engineered to suit specific end-user requirements.

2.2.5 Application or end use

The Applicant stated that 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.

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	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	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

	<p>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>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>
Production Process	<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 	<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

	<p>immersing the metal in a bath of molten zinc;</p> <ul style="list-style-type: none"> •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 and specifically by AMSA.</p>	<p>immersing the metal in a bath of molten zinc;</p> <ul style="list-style-type: none"> •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 and specifically by AMSA.</p>
Application or end use	<p>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.</p>	<p>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.</p>
Substitutability	<p>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.</p>	<p>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.</p>

2.3.1 Comments from the Applicant

The Applicant stated 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 specifically also includes galvanised coil thinner than 0.18 mm and with a coating of less than 60 g/m² that AMSA is allegedly not manufacturing. According to AMSA, the design capacity of AMSA mill can produce lower thickness gauges of 0.17mm and below. The impression that AMSA can only manufacture 0.18mm thicknesses and above creates the impression that products below 0.18mm are significant and somehow important. The products that are less than 0.18mm are specifically not being offered to the market by AMSA because the market for them is negligible, particularly owing to the safety concerns in the general application of these products in the informal housing market.

The Applicant further stated that the description of the subject product in the application makes no mention of zinc coating thickness, but only product thickness i.e. less than 0.45mm. The coating of the product is exclusively for corrosion protection and provides no structural benefit to the product - the thinner the coating the less protection – the lower the quality of the product. Furthermore, the description of the subject product, as defined under tariff subheading 7210.49.10, does not differentiate thicknesses below 0.45mm. The Applicant requested the Commission to impose the anti-dumping duties on all thicknesses, including thickness of less than 0.18mm and a zinc coating less than 60g/m², as these products fall within the scope of the investigation.

Commission's consideration

The comments regarding other thicknesses that are not produced by AMSA were dealt with by the Commission in the Preliminary Report. 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. The factor of ultra-thin coating zinc coating, as indicated by the Applicant above, is not used to differentiate the subject product. 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 and products produced locally. This is because it is not, as a general matter, the Commission's intention to impose duties on products that are not manufactured locally by the SACU industry in question. AMSA indicated that they are capable of producing smaller segments and will do so should they receive orders. AMSA indicated that the smaller segments are specifically not being offered to the market by AMSA because the market for them is negligible, particularly owing to the safety concerns in the general application of these products in the informal housing market.

The Commission made a final determination not to change the scope of the investigation by limiting the thickness of the product to 0.18mm and above but less than 0.45mm and adding the coating factor as a determining factor in the definition and/or scope of the subject product.

The Commission made a final determination that the SACU product and the imported product are "like products", for purposes of comparison, in terms of the definition of "like product" in 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 product in SACU.

3.1 Comments by the Applicant

The Applicant indicated 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 the South African Iron and Steel Institute, where AMSA, Safal, and Duferco are all members. Consequently, the *locus standi* has not been an issue, and this is still the case.

3.2 Commission's consideration

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 percent of domestic production by volume and that the producers expressing support for the application represent at least 50 percent 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 and Duferco are the only remaining SACU producers of the subject product, AMSA being the only producer that is supplying the SACU market. Duferco and Safal confirmed that they are no longer members of SACCA and that they remain neutral, i.e. they neither support nor 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 final determination that the application can be regarded as being made by or on behalf of the domestic industry in terms of ADR7.2.

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.

There are two producers/exporters that responded to the Commission's exporter questionnaire, which are Tongsheng and Rongda.

4.1 METHODOLOGY USED FOR RONGDA

4.1.1 Normal value

Rongda produced and sold various models of the subject product in the domestic market and export markets, but exported 1 model (Model 0.35mm* 900mm) to SACU during the POI.

The Commission found that Rongda determined the product models based on product thickness and width. The Commission made a final determination to determine models of the subject product based on the criteria used by Rongda.

The Commission found that Model 0.35mm*900mm was not sold in the domestic market and other foreign markets. The Commission decided to use a domestic model which is comparable to Model 0.35mm*900mm. The Commission found that there were two domestic models (Model 0.35mm*960mm and Model 0.35mm*910mm) that are similar to Model 0.35mm*900mm.

Rongda's export sales to SACU were made in small quantities, in one transaction, and on one day. Considering the two domestic models above, the Commission decided to use Model 0.35mm*960mm, which was also made in small quantities, in one transaction, and on one day, to determine the normal value for Model 0.35mm*900mm.

The domestic sales volumes of the Model 0.35mm*960mm constituted more than 5% of the SACU sales volumes and therefore were found to be sufficient to determine a normal value, as per ADR 8.3. However, the domestic sales of Model 0.35mm*960mm were sold below cost and therefore were found not to be in the ordinary course of trade, as per ADR 8.2. As a result, the Commission made a final determination to use constructed normal value. The constructed normal value was determined based on Rongda's actual verified costs of production, plus SG&A costs of Model 0.35mm*960mm and a reasonable profit based on the actual profit of other sellers of the subject product in line with ADR8.13. The Commission noted that Rongda did not make a profit during the POI. The other seller in this investigation is Tongsheng. Tongsheng made an actual profit and this was verified during the verification visit. The Commission made a final determination to use the profit margin of Tongsheng to calculate a reasonable profit to be allocated to Rongda.

Rongda's comments on essential facts letters

- (a) The use of Model 0.35mm*960mm is not reasonable, and suggested that the Commission uses Model 0.35mm*910mm as it is the most appropriate comparable model in terms of width and closer volumes to SACU sales volumes.
- (b) The use of the 6.81% profit margin is unjustifiable. Rongda stated that since Model 0.35mm*960mm has no profit during the POI, the Commission should use the profit margin of similar model 0.35mm*910mm, which is 0.89% and is the actual profit realized by Rongda itself during the POI.
- (c) If the Commission decides to use the model 0.35mm*960mm to calculate the dumping margin, it should deduct the inland freight from the constructed normal value to get the net ex-factory level constructed normal value. Since there is no inland freight adjustment made on the normal value, the constructed normal value is compared with an ex-factory export price to calculate the dumping margin.

Commission's consideration

- (a) It is the Commission's view that even though the width of 960mm in Model 0.35mm*960mm is not as close as the width of 910mm in Model 0.35mm*910mm is to 900mm of Model 0.35mm*900mm, that does not make it an outlier width. The Commission decided that Model 0.35mm*960mm was the appropriate comparable model for the following reasons:

- Model 0.35mm*960mm has a similar thickness and close width to Model 0.35mm*900mm.
- Model 0.35mm*960mm was also sold in small quantities and in a single domestic transaction as was the case with Model 0.35mm*900mm.
- Model 0.35mm*960mm domestic sales volumes passed the 5% test, and therefore sufficient to determine a normal value, as per ADR 8.3.

The Commission made a final determination to use Model 0.35mm*960mm as an appropriate comparable model for purposes of calculating the normal value,

(b) The Commission considered an OECD report on the steel industry globally. According to the OECD report, in 2021 the steel industry globally (including in China, which is the biggest steel producer of steel) experienced average profitability of 16%. These profits decreased slightly in 2022 due to high costs and demand of steel. It is noted that the profitability of 16% is for the entire steel value chain, and not specific to the subject product, as information specific to the subject product was not available. It should be further noted that the transactions took place in 2021, where the average steel profits were 16%. Therefore, this verified profit from the other company operating in the same area, similar size and trading in the same products is reasonable.

(c) The Commission recalculated the constructed normal value and adjusted it accordingly with the freight/delivery costs from Rongda's CBU.

4.1.2 SACU export price

The Commission made a final determination to determine the SACU export price based on Model 0.35mm*900mm, being the only model that was exported to SACU during the POI.

4.1.3 Adjustments to SACU export price

Rongda claimed adjustments for cost of payment terms, inland freight charges, port handling charges, bank charges, and ocean freight and insurance. The Commission made a final determination to allow all these adjustments to the SACU export price, as

they were substantiated, verifiable, directly related to the sale under consideration, and were demonstrated to have affected price comparability at the time of setting prices.

4.1.4 Dumping margin

The margin of dumping for Rongda was determined to be 6.55 percent when expressed as a percentage of the ex-factory export price.

4.2 METHODOLOGY APPLICABLE TO TONGSHENG

4.2.1 Normal value

Tongsheng produced and sold various models of the subject product in the domestic market and export markets but exported one model (“Model SA”) to SACU during the POI. The Commission found that Tongsheng determined the product models based on product thickness ranges, for example, Model SA = thickness 1mm to 5mm; Model CU = thickness 6mm to 10mm; etc. The Commission made a final determination to determine product models based on the criteria used by Tongsheng.

The Commission found that there were different thicknesses within each model. For example, Model SA may consist of 5 product thicknesses. Out of 5 thicknesses, Tongsheng only exported one thickness (“Thickness SA”) to SACU during the POI.

Tongsheng’s exports to SACU were made in small quantities in one day and in one thickness. The domestic sales of the comparable model were made in large quantities throughout the POI, and in many different product thicknesses. The Commission considered that comparing the export price of one transaction/invoice of one product thickness to SACU with the weighted average normal value of multiple transactions of different product models that were made in the domestic market throughout the POI, would not be a fair comparison between normal value and export price. Therefore, the Commission decided to use the transaction-to-transaction method in line with ADR 11.5, Article 2.4.2 of the WTO ADA, and WTO jurisprudence. According to the Appellate Body in the US – Software Lumber, the first sentence of Article 2.4.2 of the Anti-Dumping Agreement sets out the two methodologies that shall normally be used by investigative authorities to calculate dumping, i.e. transaction-to-transaction and weighted average-to-weighted average methodologies. Although the two are distinct,

they are comparable and serve the same purpose. An investigative authority may choose between the two, depending on which is the most suitable for the particular investigation.

The Commission found that there were no domestic sales for Thickness SA on the exact date of, or closer to, the sale to SACU. The Commission decided to use a comparable product thickness that falls within Model SA. From the different product thicknesses in the domestic market, the Commission chose “Thickness IT”, which was also made in small quantities, in one transaction, and on one day, to determine normal value. The Commission found that there were no domestic sales for Thickness IT on the exact date of the sale to SACU. However, the Commission was satisfied that the date of domestic sale for Thickness IT was closer enough to the date of sale to SACU.

The domestic sales volume of Thickness IT constituted more than 5% of the SACU sales volume and therefore was found to be sufficient to determine a normal value, as per ADR 8.3. The domestic sales volumes of Thickness IT were priced above cost and therefore were found to be in the ordinary course of trade as per ADR 8.2.

Tongsheng’s comments on the Essential Facts Letter

Thickness IT is not the appropriate comparable thickness in the domestic market due to the fact that its date is not the closest date to the date of sale to SACU. It is suggested that the Commission uses “Thickness AC” with a single transaction as the appropriate comparable thickness with the closest date to the SACU sale. Also, Thickness AC passed the 5% test and sales were made above cost, and therefore have sufficient volumes and were made in the ordinary course of trade as per ADR8.3 and ADR8.2 respectively.

Commission’s consideration

It is the Commission’s view that the date of the domestic sales transaction alone does not make Thickness AC comparable to Thickness SA. Because of the noticeable differences in the thickness and width between Thickness AC and Thickness SA, which had an effect on costs and selling prices, the Commission decided that Thickness AC

suggested by Tongsheng was not a comparable thickness to Thickness SA that was sold to SACU.

It is the Commission's view that even though the date of Thickness IT is not as close as that of Thickness AC is to the date of sale to SACU, which does not make it an outlier date.

The Commission decided that Thickness IT was the appropriate comparable thickness for the following reasons:

- Thickness IT has a closer thickness and similar width to Thickness SA sold to SACU;
- Thickness IT was also sold in a single domestic transaction as was the case for Thickness SA sold to SACU;
- Thickness IT domestic sales volumes passed the 5% test, and therefore were found to be sufficient to determine a normal value, as per ADR 8.3;
- Thickness IT domestic sales volumes were sold above cost and therefore were found to be in the ordinary course of trade as per ADR 8.2; and
- The date of sale for Thickness IT is close to the date of the SACU sale.

The Commission made a final determination to use Thickness IT as the appropriate comparable thickness for the calculation of normal value using the transaction-to-transaction methodology.

4.2.2 Adjustments to normal value

Tongsheng claimed adjustments for delivery charges. The delivery terms were verified in the sales contract, invoices, and the trial balance. The Commission made a final determination to allow the adjustment to the normal value as it was substantiated, verifiable, directly related to the sale under consideration, and was demonstrated to have affected price comparability at the time of setting prices.

4.2.3 SACU export price

The Commission made a final determination to determine the export price based on the Thickness SA of Model SA, being the only model/thickness that was exported to SACU during the POI.

Tongsheng's comments on essential facts letters

Tongsheng stated that the export price used by the Commission is the FOB price excluding VAT and is not the original invoice value or price. According to Tongsheng, the Commission should use the original invoice value or price and exclude VAT in the form of an adjustment.

Commission's consideration

It should be noted that the Commission's questionnaire requires the export prices (values) to be reported excluding VAT. Tongsheng's export values were reported as both inclusive and exclusive of VAT. For purposes of export price calculations, the Commission used an export value (excluding VAT) and adjusted by delivery, port, and bank charges (which are allowed by the Commission). The VAT is therefore not treated as an adjustment in the calculation. The calculation begins from the export price (excluding VAT), and this information was correctly provided by Tongsheng in their export sales spreadsheet. The Commission used it as given in the spreadsheet. The approach followed by Tongsheng in calculating the export price seems to be an effort informed by a desire for a favourable outcome in the form of a negative dumping margin for Tongsheng.

4.2.4 Adjustments to SACU export price

Tongsheng claimed adjustments for cost of payment terms, inland freight charges, port handling charges, and ocean freight and insurance. It was found that bank charges were incurred on sales transactions applicable to SACU. However, these bank charges were not claimed as an adjustment in the exporter questionnaire response. The Commission made a final determination to allow adjustments of payment terms, inland freight charges, port handling charges, ocean freight and insurance, and bank charges to the SACU export price as they were substantiated, verifiable, directly related to the sale under consideration, and were demonstrated to have affected price comparability at the time of setting prices.

4.2.5 Dumping margin

The margin of dumping for Tongsheng was determined to be 6.55 percent when expressed as a percentage of the ex-factory export price.

4.3 METHODOLOGY USED FOR NON-COOPERATING EXPORTERS

4.3.1 Normal value

The Commission made a final determination to determine the normal value based on Tongsheng's domestic sales of the subject product, adjusted by delivery costs, excluding sales made below cost. The basis for this determination is that the company is the larger producer in terms of domestic sales volumes when compared to Rongda.

4.3.2 Export price

The Commission made a final determination to determine the export price based on the official import statistics obtained from SARS for the POI for dumping, adjusted by inland freight plus port handling charges of 3%, both of which are sourced from the verified information of Rongda and Tongsheng.

4.3.3 Dumping margin

The residual margin of dumping was determined to be 55.02 percent when expressed as a percentage of the ex-factory export price.

Commission's consideration

At the time of making a preliminary determination, the best information available to the Commission was the same information that the Commission considered to be prima facie evidence at the time of initiation. After the preliminary determination, Rongda and Tongsheng fixed their deficiencies and the Commission used their verified new set of information to calculate final dumping margins and duties. Therefore, the dumping information provided by the Applicant was not used by the Commission to make a final determination on company-specific and residual dumping margins/duty calculations.

The Applicant indicated that there are no physical differences between the imported subject product and the SACU-produced product, and therefore did not make any adjustments in this regard. During the verification of Rongda and Tongsheng, the Commission found that there are no physical differences in terms of the product thickness between the imported product and the SACU-produced product. The coating thickness is not a determining factor to differentiate the subject product.

The Commission made a final determination that the dumping of the subject product originating in or imported from the PRC was taking place.

5. MATERIAL INJURY

5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

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

The Commission made a final 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 01 May 2019 to 30 April 2022. The material injury must be based on positive evidence. According to WTO jurisprudence, positive evidence refers to the quality of evidence that the authority may rely upon in making a determination. Therefore, positive evidence refers to the facts justifying and underpinning the injury determination. The evidence and facts in this instance must be affirmative, objective, verifiable, and credible. These facts and evidence must be objectively examined by the investigating authority, meaning that they must be investigated in an unbiased manner.

According to Article 3.1 of the WTO Anti-Dumping Agreement, a determination of material injury shall be based on positive evidence and involve an objective examination of both the following factors:

- (a) the volume of the dumped imports and the effect of the dumped imports on prices in the domestic market for like products; and
- (b) the consequent impact of these imports on domestic producers of such products.

Article 3.2 of the WTO Anti-Dumping Agreement further states that the investigating authorities shall consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption. Regarding the effect of the dumped imports on prices, the same Article states that the investigating authorities shall consider whether there has been a significant price

undercutting, or whether the effect of such imports is otherwise to depress prices or prevent price increases.

Article 3.1 and Article 3.2 mentioned above, read together with ADR13.1 and ADR13.2, mean that the examination of positive evidence should be made on both a “price effect” and a “volume effect”. It should be noted that only consideration of both effects is mandatory, and not necessarily a positive finding of an effect on both volumes and prices, meaning that a positive finding on either (or both) will suffice for a positive finding on material injury.

5.2.1 DUMPED IMPORT VOLUMES

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

Table 5.2.1: Import volumes

	2019/20	2020/21	2021/22	Change between 2019-2022
Dumped imports in absolute terms (tons)	13 828	36 085	54 939	297%
Dumped imports in relative terms (%) (subject imports/domestic production)	100	118	132	32 percentage points
Dumped imports in relative terms (%) (subject imports/domestic consumption)	100	118	136	36 percentage points

Table 5.2.1 above shows that, in absolute terms, dumped imports increased by 161% from 2019/20 to 2020/21, further increased by 52% from 2020/21 to 2021/22, and increased by 297% between 2019/20 and 2021/22. In relative terms (as a percentage of domestic consumption), the table shows that dumped imports increased by 18 percentage points from 2019/20 to 2020/21, further increased by 18 percentage points from 2020/21 to 2021/22 and increased by 36 percentage points between 2019/20 and 2021/22. It is evident that the dumped imports increased significantly throughout the POI, both in absolute and relative terms.

5.2.2 EFFECTS ON DOMESTIC PRICES

5.2.2.1 Price depression

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

Table 5.2.2.1: 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 5.2.2.1, 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.

5.2.2.2 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 5.2.2.2: 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 5.2.2.2, above indicates that the Applicant did not experience price suppression over the POI.

5.2.2.3 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. Landed cost was calculated based on the FOB export price, the cost of freight, insurance, and clearing costs, plus 10% ordinary customs duties. The cost of freight and port handling fees (clearing costs) were found to be 3% as a percentage of the FOB value based on verified exporters'/producers' information.

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

Table 5.2.2.1: Price Undercutting

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	21.82%	43.02%	38.01%

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

Table 5.2.2.1 above indicates that there has been significant price undercutting throughout the POI. In terms of the quantum of the price undercutting, table 5.2.2.1 above shows that price undercutting increased from 21.82% in 2019/20 to 38.01% in 2021/22, which is a significant increase in the levels of price undercutting, although the highest level of price undercutting was experienced in 2020/21.

Commission's consideration

The Commission noted that according to Article 13.2 of the WTO Anti-Dumping Agreement, the price effects can be either on price undercutting or price depression or suppression. In this case, the effect is not found on price depression/suppression but on price undercutting only, which is sufficient.

In support of the Commission's view on price undercutting being sufficient as the only price indicator, the Commission considered the following WTO Panels' findings regarding price undercutting:

- The WTO panel in the EC - Tube or Pipe Fittings stated that one purpose of a price undercutting analysis is to assist an investigating authority in determining whether dumped imports have, through the effects of dumping, caused material injury to a domestic industry.
- The Panel in the US - Ripe Olives from Spain noted that: "The European Union argues that price undercutting cannot itself be an 'effect ... on prices' because it is only through price depression or suppression that 'the price curve of the domestic industry's prices' can be impacted. However, we consider that such a narrow interpretation of 'effect ... on prices' is neither required by the definition of 'effect' nor consistent with the structure of the provisions. In contrast, the European Union's narrow interpretation would in practice read price undercutting out of Article 3.2 and Article 15.2 as an independent line of inquiry." The examination of the 'effect' of subject imports on domestic prices required by Article 3.1 and Article 15.1 must entail an examination of whether there has been some result or consequence with respect to domestic prices that were caused by subject imports. We do not see any reason that such a result or consequence may only be in the form of a change in the price of the domestic like product [price depression and price suppression]."

5.2.3 CONSEQUENT IMPACT OF THE DUMPED IMPORTS ON THE SACU INDUSTRY

5.2.3.1 Actual and potential decline in sales volumes

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

Table 5.2.3.1: 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 5.2.3.1 above indicates that the Applicant's sales volume increased by 5 percentage points from 2019/20 to 2020/21, and decreased by 7 percentage points from 2020/21 to 2021/22, with an overall decrease of 2 percentage points over the POI.

5.2.3.2 Profits

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

Table: 5.2.3.2: 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 5.2.3.2 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 5.2.3.2 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.

5.2.3.3 Market share

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

Table 5.2.3.3: 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 5.2.3.3 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, and 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, and decreased by 117 percentage points from 2020/21 to 2021/22, with an overall decrease of 93 percentage points over the POI.

5.2.3.4 Output

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

Table 5.2.3.4: 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 5.2.3.4 above indicates that production volume increased by 5 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 10 percentage points over the POI.

5.2.3.5 Employment

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

Table 5.2.3.5: 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 5.2.3.5 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.

Commission’s consideration

The decline in employment was a result of the restructuring exercise by AMSA. According to AMSA, the restructuring exercise included layoffs, early retirement, and redeployment of employees from the galvanised steel coil production lines. AMSA further indicated that the restructuring decision was taken as a response to surging and dumped imports of the subject product from the PRC and in an attempt to improve efficiency and ensure sustainability. Table 4 above indicates that imports from the PRC increased suddenly and significantly in 2020/21 and continued to surge to the end of the POI. In response to that, table 6 shows that AMSA’s employment numbers for the subject product immediately declined in 2020/21 and continued to fall to the end of the POI. It is the Commission’s view that the restructuring, which resulted in a decline in employment numbers, was, at least in part, a result of the alleged dumped imports. The fact that AMSA started with restructuring before applying for anti-dumping protection does not disqualify the negative effect on employment being a reliable indicator of injury.

Based on the foregoing, the Commission made a final determination that the decline in employment numbers can be considered to be indicative of material injury.

5.2.3.6 Productivity

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

Table 5.2.3.6: 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 5.2.3.6 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.

5.2.3.7 Utilisation of production capacity

The following table provides the Applicant's capacity utilisation.

Table 5.2.3.7: 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 5.2.3.7 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.

5.2.3.8 Return on Investment

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

Table: 5.2.3.8: 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 5.2.3.8 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.

5.2.3.9 Margin of dumping

The following margin of dumping was calculated:

Table 5.2.3.9: Margin of dumping

Producer/exporter	Dumping margin as a % of the ex-factory export price
Tongsheng	6.55%
Rongda	6.55%
Other producers/exporters in the PRC	55.50%

5.2.3.10 Actual and potential negative effects on cash flow

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

Table 5.2.3.10: 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 5.2.3.10 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.

5.2.3.11 Inventories

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

Table 5. 5.2.3.11: 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 5.2.3.11 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, and increased by 141 percentage points from 2020/21 to 2021/22, with an overall increase of 105 percentage points over the POI.

Commission’s consideration

AMSA indicated that although production is per order, it happens that customers do not settle and collect their products and/or do not settle 100% of their orders. According to AMSA, this is driven by the fact that while waiting for their orders to be ready, customers tends to get a cheaper deal from the PRC. PRC producers/exporters have readily available stock and deliver immediately. AMSA further explained that the finished products that are paid up and waiting for delivery (sold products) and those not yet paid up (inventory) are stored in separate locations within the plant and reported in separate accounting systems. Therefore, the levels of inventory reported in the application (and in this submission) do not include finished products that are already sold but not collected. The Applicant stated that the increase in inventories over the POI reflects lost sales opportunities in a growing market and is a true reflection of inventory levels whose sales cannot be 100% guaranteed even though they have been ordered.

Based on this reason, the Commission made a final determination that the accumulation of inventory can be considered to be indicative of material injury.

5.2.3.12 Wages

The following table provides the SACU industry’s total annual wages:

Table 5.2.3.12: 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 5.2.3.12 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.

5.2.3.13 Ability to raise capital and investments

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

Table 5.2.3.13: 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 5.2.3.13 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 5.2.3.13 above further indicates that capital expenditure on the subject product decreased by 21 percentage points from 2019/20 to 2020/21 and further decreased by 18 percentage points from 2020/21 to 2021/22, with an overall decrease of 39 percentage points over the POI.

5.2.3.14 Growth

The following table shows the size of the SACU market applicable to the subject product.

Table 5.2.3.14: Growth of SACU market

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 5.2.3.14 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.

5.2.3.15 Summary of material injury

Material injury must be based on positive evidence. According to WTO jurisprudence, positive evidence refers to the quality of evidence that the authority may rely upon in making a determination. Therefore, positive evidence refers to the facts justifying and underpinning the injury determination. The evidence and facts in this instance must be affirmative, objective, verifiable, and credible. These facts and evidence must be objectively examined by the investigating authority, meaning that they must be investigated in an unbiased manner.

According to Article 3.1 of the WTO Anti-Dumping Agreement, a determination of material injury shall be based on positive evidence and involve an objective examination of both the following factors:

- (c) the volume of the dumped imports and the effect of the dumped imports on prices in the domestic market for like products; and

(d) the consequent impact of these imports on domestic producers of such products.

Article 3.2 of the WTO Anti-Dumping Agreement further states that the investigating authorities shall consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption. With regard to the effect of the dumped imports on prices, the same Article states that the investigating authorities shall consider whether there has been a significant price undercutting, or whether the effect of such imports is otherwise to depress prices or prevent price increases.

Article 3.1 and Article 3.2 mentioned above, read together with ADR13.1 and ADR13.2, mean that the examination of positive evidence should be made on both a “price effect” and a “volume effect”. It should be noted that only consideration of both effects is mandatory, and not a positive finding of an effect on both volume and prices, meaning that a positive finding on either (or both) will suffice for a positive finding on material injury.

The first examination of evidence before the Commission shows that in terms of price effect the SACU industry experienced price undercutting. According to Article 3.2 referenced above, the price effects can be either price undercutting or price depression/suppression. In this case, the effect is on significant price undercutting only.

The second examination of evidence before the Commission shows that dumped imports, both in absolute terms and relative terms, increased throughout the POI, with a nearly 300% overall increase in absolute terms and over 30 percentage points overall increase in relative terms. It is evident that the dumped imports increased significantly throughout the POI, both in absolute and relative terms.

The third examination of evidence before the Commission shows that sales volumes declined by 2 percent over the POI, market share declined by almost 20 percentage points over the POI, market growth declined by 2 percentage points over the POI, the

number of employees declined by 15% over the POI, inventory levels increased by almost 70% over the POI, and capacity utilisation remained very low.

Lastly, the Commission noted that there is an interaction between positive and negative injury trends, to arrive at an overall decision. This was confirmed in a Panel ruling in China - X-Ray Equipment. As a result, the Commission examined the other injury indicators that showed improvement in the performance of the SACU industry, and found as follows:

- During the POI global steel prices recovered from pre-Covid levels, resulting in global companies and various steel products being profitable, and in most instances, profits being at double digits, and in this case, these profitability levels were pushed by increases in selling prices. The prices of the main raw material, HRC, also increased drastically by approximately 200%, which also enabled the Applicant that is also a primary steel producer to increase the price of the subject product, following the increase in raw material prices globally. The Applicant's prices increased as well in line with the recovery in global steel prices, and this is also evident in the increase in prices of the dumped imports, albeit not at the same percentage as that of the Applicant, and those of raw material costs which can solely be as a result of dumping. The recovery of the steel market, which can also be seen in the sales values of the Applicant resulting in profits, may be short-lived and therefore should not be viewed as permanent as steel is a volatile commodity. Although the steel industry recovered, including the Applicant, the Applicant's sales volumes declined overall, resulting in a loss in market share of approximately 20 percentage points which was taken by the dumped imports which increased by 22 percentage points. The increase in price may also have led to importers seeking cheaper alternatives, resulting in the increase in imports from the PRC at dumped prices, and therefore loss of market share of the Applicant. Furthermore, although this increase in prices resulted in increased profitability, cash flow, and other positive injury indicators, inventory levels increased as well, albeit due to an increase in output which was not followed by an increase in sales. The increase in imports not only affected market share, it also had price effects in the form of undercutting, as the Chinese imported products showed a limited increase in prices. These prices were not in line with increases in global steel prices, which

lower PRC prices are reflected, at least in part, in the dumping of the subject product.

Furthermore, the Commission noted that there is no threshold in terms of the minimum and/or maximum number of injury factors that should be negative/positive to make a finding of material injury. It is the Commission's view that, in spite of other injury indicators demonstrating an improvement for the industry, the material injury indicators listed below are sufficient to demonstrate that the industry is experiencing material injury.

The Panel in EC - Bed Linen indicated that following a checklist approach would increase an investigating authority's confidence that all factors were considered, however, that is not a required approach to decision-making under Article 3.4.

In summary, the examination of information before the Commission shows positive evidence that the SACU industry is experiencing material injury through the following factors in terms of Article 3.1, Article 3.2, ADR13.1, and ADR13.2:

- (d) Significant price undercutting;
- (e) Significant increased volumes of dumped import, both in absolute and relative terms;
- (f) Decline in sales volumes;
- (g) Decline in market share;
- (h) Decline in the number of employees;
- (i) Negative market growth;
- (j) Increase in inventory levels; and
- (k) Low levels of capacity utilisation.

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

6. CAUSAL LINK

6.1 GENERAL

For the Commission to impose definitive measures, it must be satisfied that there is sufficient evidence to indicate that the material injury experienced by the SACU industry is a result of the dumping of the subject product. The following relevant factors are evaluated to establish whether there is a causal link between the alleged dumped imports and material injury.

6.2 VOLUME OF IMPORTS AND MARKET SHARE

An indication of causality is the extent of the increase in the 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.

6.2.1 Import volumes

The following table shows the growth of the subject import volumes:

Table 6.2.1: Examination of causality under ADR16.1– Import volumes

Ton	2019/20	2020/21	2021/22
Alleged dumped imports in absolute terms	13 828	36 085	54 939
Other Imports in absolute terms	3 560	5 415	332
Total imports in absolute terms	17 388	41 501	55 272
Dumped imports in relative terms (%) (subject imports/domestic production)	100	118	132
Alleged dumped imports in relative terms (subject imports / domestic consumption)	100	118	136

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

Information in Table 6.2.1 above indicates that the alleged dumped imports increased by 161 percent from 2019/20 to 2020/21 and 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.

6.2.2 Market share

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

Table 5.2.2: Examination of causality under ADR16.1 - 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 6.2.2 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, and 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, and decreased by 117 percentage points from 2020/21 to 2021/22, with an overall decrease of 93 percentage points over the POI.

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.

6.3 EFFECT OF DUMPED IMPORTS ON PRICES

The following table shows the price effects:

Table 6.3: Examination of causality under ADR16.1 - Price undercutting

	2019/20	2020/21	2021/22
Price undercutting %	21.82%	43.02%	38.01%

Information in table 6.3 above shows that the Applicant experienced significant price undercutting throughout the POI.

6.4 CONSEQUENT IMPACT OF DUMPED IMPORTS

Section 5 of this report shows that the SACU industry experienced negative impacts on the following injury factors:

- Decline in sales volumes;
- Decline in market share;
- Decline in the number of employees;
- Negative market growth;
- Increase in inventory levels; and
- Lower levels of capacity utilisation.

6.5 MAGNITUDE OF DUMPING

The following margin of dumping was calculated:

Table 6.5: Examination of causality under ADR16.1 – Magnitudes of dumping

Producer/exporter	Dumping margin as a % of the ex-factory export price
Tongsheng	6.55%
Rongda	6.55%
Other producers/exporters in the PRC	55.50%

6.6 FACTORS OTHER THAN THE DUMPING CAUSING INJURY

Table 6.6: Examination of causality under Article 3.5 of the WTO Anti-dumping Agreement

	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.			
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.			

Commission's consideration

In considering whether there is a causal link between the dumping and the material injury the Commission considered all relevant factors, including factors other than dumping which may have contributed to the SACU industry's injury.

The analysis of the evidence before the Commission showed that:

- imports of the subject product increased consistently throughout the POI, with an overall significant increase in both absolute and relative terms at the end of the POI;
- the imported product has been undercutting the SACU product throughout the POI, and price undercutting remains at the highest levels at the end of the POI;
- the market share of the alleged dumped imports increased consistently throughout the POI, with an overall significant increase at the end of the POI; and
- the magnitude of dumping ranges from the minimum of 7% to the highest of 56%.

The information in table 6.6 above indicates that import volumes and fob prices of undumped imports decreased significantly over the POI. The analysis of other known factors does not indicate that those factors could have had an impact on the material injury that is experienced by the SACU industry.

Based on the above analysis, the Commission made a final determination that there is sufficient evidence to indicate that there is a causal link between the dumping of the subject product and the material injury experienced by the SACU industry, and there are no other factors sufficiently detracting from the causal link.

7. SUMMARY OF FINDINGS

7.1 Dumping

The Commission found that the subject product, classifiable under tariff sub-heading HS 7210.49.10, originating in or imported from the PRC is being dumped into the SACU market, and the dumping margins are as follows:

Table 7.1: Margin of dumping

Producer/exporter	Dumping margin as a % of the ex-factory export price
Tongsheng	6.55%
Rongda	6.55%
Other producers/exporters in the PRC	55.50%

7.2 Material Injury

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

- Price undercutting;
- Decline in sales volumes;
- Decline in market share;
- Decline in the number of employees;
- Negative market growth;
- Increase in inventory levels; and
- Lower levels of capacity utilisation.

7.3 Causal Link

In terms of ADR16.1, the Commission found that the alleged dumped imports grew significantly both in absolute and relative terms over the POI, the market share of the alleged dumped imports grew significantly over the POI, the Applicant experienced significant price undercutting throughout the POI, and the magnitude of dumping ranged from 6.55 percent to a maximum of 56 percent. In terms of ADR16.5, the Commission also found that there were no other known factors sufficiently detracting from the causal link.

8. DEFINITIVE ANTI-DUMPING DUTIES

8.1 Calculation of the final anti-dumping duties

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

8.2 Lesser duty rule

ADR 17 provides that the Commissions shall consider applying the lesser duty rule if both the corresponding exporter and importer have cooperated fully. 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.

The Commission made a final determination not to apply the lesser duty rule, as the requirement of imposing a lesser duty were not met.

8.3 Definitive anti-dumping duties

The Commission calculated the anti-dumping duty as a percentage of fob export price to be 6.02% for Rongda; 5.61% for Tongsheng; and 53.84% for all other non-cooperating exporters/producers in the PRC.

9. FINAL DETERMINATION

- (i) The Commission made a final determination that:
- dumping of the subject product originating in or imported from the PRC is taking place;
 - the SACU industry is experiencing material injury and;
 - there is a causal link between the alleged dumped imports and the material injury experienced by the SACU industry.
- (ii) The Commission made a final determination to recommend to the Minister of Trade, Industry and Competition that definitive anti-dumping duties be imposed against the imports of the subject product originating in or imported from the PRC, as per table 9 below:

Table 9: Final Anti-Dumping duties

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	Shandong Guanxian Rongda Composite Material Co., Ltd.	6.02 % <i>ad valorem</i>
			Shandong Tongsheng Composite Material Co., Ltd.	5.61% <i>ad valorem</i>
			All producers/exporters (excluding those produced by Shandong Guanxian Rongda Composite Material Co., Ltd., and Shandong Tongsheng Composite Material Co., Ltd.)	53.84% <i>ad valorem</i>

- (iii) The Commission made a final determination to further recommend to the Minister of Trade, Industry and Competition that that the proposed anti-dumping duties be listed in the “rebate item” column in Schedule No. 2 to the Customs and Excise Act and therefore may not be imported under rebate of customs duty without payment of anti-dumping, countervailing and safeguard duties without a recommendation from the Commission.