

**Report No. 737**

**INVESTIGATION INTO THE ALLEGED DUMPING OF STRUCTURAL STEEL PRODUCTS, EXCLUDING H-SECTIONS OF A HEIGHT GREATER THAN 200MM, IMPORTED FROM OR ORIGINATING IN THE PEOPLES' REPUBLIC OF CHINA ("PRC") AND THE KINGDOM OF THAILAND ("THAILAND"): PRELIMINARY DETERMINATION**

The International Trade Administration Commission of South Africa herewith presents its **Report No: 737 INVESTIGATION INTO THE ALLEGED DUMPING OF STRUCTURAL STEEL PRODUCTS, EXCLUDING H-SECTIONS OF A HEIGHT GREATER THAN 200MM, IMPORTED FROM OR ORIGINATING IN THE PEOPLES' REPUBLIC OF CHINA ("PRC") AND THE KINGDOM OF THAILAND ("THAILAND"): PRELIMINARY DETERMINATION**



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**MR AYABONGA CAWE  
CHIEF COMMISSIONER**

**PRETORIA**

**Date: 19/11/2024**

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

## **INVESTIGATION INTO THE ALLEGED DUMPING OF STRUCTURAL STEEL PRODUCTS, EXCLUDING H-SECTIONS OF A HEIGHT GREATER THAN 200MM, IMPORTED FROM OR ORIGINATING IN THE PEOPLES' REPUBLIC OF CHINA ("PRC") AND THE KINGDOM OF THAILAND ("THAILAND"): PRELIMINARY DETERMINATION**

### **SYNOPSIS**

The subject product of this investigation is U, I and H sections of iron or non-alloy steel, not further worked than hot-rolled, hot-drawn, or extruded (extruded, excluding H-Sections of a height greater than 200mm), and other angles and shapes of iron or non-alloy steel, of a height of 80 mm or more not further worked than hot-rolled, hot drawn, or extruded ("the subject product"). The applicable tariff sub-headings are as follows: 7216.31 – U Sections; 7216.32 – I Sections; 7216.33 – H Sections; and 7216.50 – Other angles, shapes and sections, not further worked than hot-rolled, hot-drawn or extruded.

The Applicant in this investigation is ArcelorMittal Rail and Structures ("AMRAS" or "the Applicant"). AMRAS, a division of ArcelorMittal South Africa Limited ("AMSA") applied for remedial action against the alleged dumping of structural steel products classifiable under tariff subheadings 7216.31; 7216.32; 7216.33; and 7216.50, from the PRC and Thailand. AMRAS is the only producer of structural steel in the Southern African Customs Union (SACU).

In terms of the International Trade Administration Commission's ("the Commission") Anti-Dumping Regulation ("ADR") 27.1, the trade representatives of the PRC and Thailand were informed that the Commission has received and accepted a properly

documented application for the investigation of the alleged dumping of structural steel products from the PRC and Thailand.

The investigation was initiated through Notice No. 2731 of 2024 in Government Gazette No. 51271, dated 20 September 2024. The investigation was initiated after the Commission considered that there was *prima facie* evidence to show that the subject product was being imported into the SACU market at dumped prices, causing material injury to the SACU industry.

Upon initiation of the investigation, the diplomatic representatives and all known foreign producers/exporters of the subject product in the PRC and Thailand 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.

No questionnaire responses or comments were received by the Commission at the end of the deadline for responses, which was 28 October 2024. Therefore, the Commission made its preliminary determination based on facts available, being the *prima facie* information provided by the Applicant, accepted and used by the Commission in making a decision to initiate this investigation.

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

## **1. APPLICATION AND PROCEDURE**

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### **1.1 LEGAL FRAMEWORK**

This investigation is conducted in accordance with the International Trade Administration Act, 2002, the ADR, and 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 AMRAS, the only producer of the subject product in SACU.

### **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 and Thailand 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 and Thailand, 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 countries of origin. The Applicant alleged that as a result of dumping of the subject product from the PRC and Thailand, the SACU industry is experiencing material injury in the form of:

- Increased alleged dumped import volumes;
- Price suppression;
- Price undercutting;
- Declining profits;

- Declining employment;
- Declining returns on investment;
- Declining net cash flows;
- Declining ability to raise capital investments;
- Increasing inventory levels;
- Increasing wages; and
- Low levels of capacity utilisation.

## **1.5 INVESTIGATION PROCESS**

The application was submitted on 09 February 2024. The financial information submitted by the Applicant was verified on 21-22 August 2024.

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

On 20 September 2024, the Commission initiated an investigation into the alleged dumping of the subject product originating in or imported from the PRC and Thailand.

## **1.6 INVESTIGATION PERIODS**

The investigation period for dumping is 01 April 2023 to 31 March 2024. The investigation period for material injury is 01 April 2023 to 31 March 2024.

## **1.7 PARTIES CONCERNED**

### **1.7.1 SACU industry**

The SACU industry consists of AMRAS as the only producer of the subject product in SACU.

### **1.7.2 Foreign Manufacturers/Exporters**

No responses to the Commission's exporter's questionnaire were received from the producers/exporters of the subject product in the PRC and Thailand.

### **1.7.3 Importers**

No responses to the Commission's importer's questionnaire were received from the importers of the subject product in the SACU.

## **1.8 PRELIMINARY DETERMINATION**

The Commission at its meeting of 12 November 2024, after considering the facts available, made a preliminary determination that the subject product originating in or imported from the PRC and Thailand were being imported into the SACU market at dumped prices, thereby causing material injury to the SACU industry.

The Commission also considered that the SACU industry would continue to experience material injury during the course of the investigation if provisional measures were not imposed. The Commission therefore decided to request the Commissioner for SARS to impose provisional measures as per Table 11 below on imports of the subject product originating in or imported from PRC, for a period of six months.

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

## 2. PRODUCT, TARIFF CLASSIFICATION AND DUTIES

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### 2.1 IMPORTED PRODUCTS

#### 2.1.1 Description

The imported products are U, I and H sections of iron or non-alloy steel, not further worked than hot-rolled, hot-drawn, or extruded, and other angles and shapes of iron or non-alloy steel, of a height of 80 mm or more not further worked than hot-rolled, hot drawn or extruded, excluding H- Sections of a height greater than 200mm.

#### 2.1.2 Countries of Origin

The subject products originate in or are imported from the PRC and Thailand.

#### 2.1.3 Possible tariff loopholes

The Applicant is not aware of any loopholes on the subject product.

#### 2.1.4 Tariff Classification

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

Table 2.1.4: Tariff classification

Heading / Sub-heading	Description	Unit	General	EU/UK	EFTA	SADC	MERCOSU R	AfCFTA
<b>72.16</b>	<b>Angles, shapes, and sections of iron or non-alloy steel:</b>							
<b>7216.3</b>	<b>U, I or H sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of 80 mm or more:</b>							
7216.31	U Sections	Kg	10%	free	free	free	10%	6%
7216.32	I Sections	Kg	10%	free	free	free	10%	6%
7216.33*	H Sections	Kg	10%	free	free	free	10%	6%
7216.50	Other angles, shapes, and sections, not further worked than hot-rolled, hot-drawn or extruded	Kg	10%	free	free	free	10%	6%



### 2.1.5 Other applicable duties and rebates

There are currently no other duties.

### 2.1.6 Negligibility test

According to ADR16.2, the Commission shall not consider alleged dumped imports that are deemed to be negligible, i.e. imports volumes that are less than three percent when expressed as a percentage of total imports. The following table shows the percentage of alleged dumped imports as sourced from SARS for the period 01 April 2023 to 31 March 2024.

**Table 2.1.6: Negligibility test**

<b>Kg</b>	<b>Import volumes</b>	<b>As a % of total imports</b>
Alleged dumped imports: PRC	22 994 812	65%
Alleged dumped imports: Thailand	5 868 869	17%
<b>Cumulated alleged dumped imports</b>	28 863 681	82%
Other imports	6 463 945	18%
<b>Total imports</b>	35 327 630	100%

Table 2.1.6 above indicates that the alleged dumped imports from the PRC and Thailand are all above three percent as a percentage of total imports.

The Commission made a preliminary determination that imports volumes of the subject product from the PRC and Thailand are above the negligibility level in terms of ADR16.2.

### 2.1.7 Raw materials used.

The Applicant indicated that the raw materials used to manufacture the imported subject product are blooms and billets made of iron and steel.

### 2.1.8 Production process

The Applicant indicated that hot rolling is one of the most popular techniques employed for manufacturing heavy sections. The process involves heating a metal billet and then

passing it through a series of rollers to create the desired shape. The high temperature during hot rolling allows the metal to be easily shaped and formed.

In the hot rolling process, the metal billet undergoes a series of steps. First, it is heated above its recrystallization point to facilitate deformation. Subsequently, the billet is passed through multiple rollers that gradually reduce its thickness and mould it into the desired shape. Following this, the beam is allowed to cool and subsequently cut to the required length.

Hot rolling is a highly efficient process that can produce large quantities quickly and cost-effectively. The resulting beams have a smooth surface finish and excellent structural properties, making them ideal for use in construction projects. Please see the below diagram for a visual representation of the process. The Applicant submits that this process is the same overall regardless of the shape being made.

#### **2.1.9 Technical characteristics and appearance**

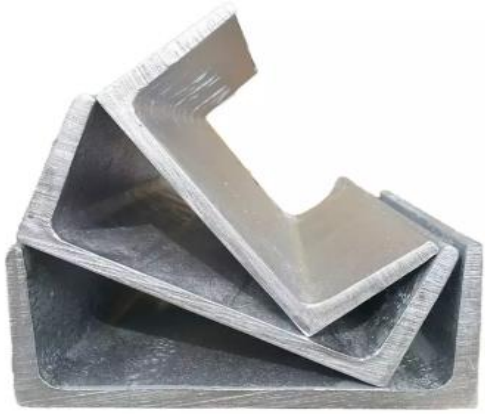
The Applicant provided the technical characteristics and appearance of the imported to be as follows:

Technical characteristics includes but not limited to:

- Structural steel with beam profiles ranging from of 203mm x 133mm to 533mm x 210mm;
- Structural steel with column profiles of 152mm x 152mm to 305mm x 305mm;
- Structural steel with channel profiles ranging from 152mm x 76mm and 200mm to 75mm and
- Equal angles with profiles ranging from 150mm x 150mm to 200mm x 200mm

The product appearance:

**U-Section**



**I-Section**



## **H-section**



## **Equal Angles**



### **2.1.10 Application or end use**

The Applicant stated that the imported products are an intermediary product in the fabrication, construction, and mining industries, and are utilised in rail, renewable energy, primary energy, infrastructure development and general engineering sectors.

### **2.1.11 Substitutability**

The Applicant stated that imported product from the PRC and Thailand is fully substitutable with the SACU like product.

## **2.2 SACU PRODUCT**

### **2.2.1 Description**

The Applicant described the SACU like product as U, I and H sections of iron or non-alloy steel, not further worked than hot-rolled, hot-drawn, or extruded, and other angles and shapes of iron or non-alloy steel, of a height of 80 mm or more not further worked than hot-rolled, hot drawn or extruded, excluding H-sections of a height greater than 200mm.

### **2.2.2 Raw materials**

The Applicant stated blooms and billets made of iron and steel are the raw materials used to manufacture the SACU product.

### **2.2.3 Production process**

The Applicant indicated that hot rolling is one of the most popular techniques employed for manufacturing heavy sections. The process involves heating a metal billet and then passing it through a series of rollers to create the desired shape. The high temperature during hot rolling allows the metal to be easily shaped and formed.

In the hot rolling process, the metal billet undergoes a series of steps. First, it is heated above its recrystallization point to facilitate deformation. Subsequently, the billet is passed through multiple rollers that gradually reduce its thickness and mould it into the desired shape. Following this, the beam is allowed to cool and subsequently cut to the required length.

Hot rolling is a highly efficient process that can produce large quantities quickly and cost-effectively. The resulting beams have a smooth surface finish and excellent structural properties, making them ideal for use in construction projects. Please see the diagram below for a visual representation of the process. The Applicant submits that this process is the same overall regardless of the shape being made.

#### **2.2.4 Technical characteristics and appearance**

The Applicant provided the technical characteristics and appearance of the SACU product to be as follows:

Technical characteristics includes but not limited to:

- Structural steel with beam profiles ranging from of 203mm x 133mm to 533mm x 210mm;
- Structural steel with column profiles of 152mm x 152mm to 305mm x 305mm;
- Structural steel with channel profiles ranging from 152mm x 76mm and 200mm to 75mm and
- Equal angles with profiles ranging from 150mm x 150mm to 200mm x 200mm

The product appearance is similar to the images provided in paragraph 2.1.9.

#### **2.2.5 Application or end use**

The Applicant stated that the SACU products are an intermediary product in the fabrication, construction, and mining industries, and are utilised in rail, renewable energy, primary energy, infrastructure development and general engineering sectors.

#### **2.2.6 Substitutability**

The Applicant stated that the SACU like product is fully substitutable with the imported product from the PRC and Thailand,

## 2.3 LIKE PRODUCT ANALYSIS

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

**Table 2.3: Like product criteria**

<b>Factors</b>	<b>SACU produced product</b>	<b>Imported subject product</b>
<b>Raw materials</b>	The SACU product is produced using blooms and billets made of iron and steel.	The imported product is produced using blooms and billets made of iron and steel.
<b>Production process</b>	<p>Hot rolling is one of the most popular techniques employed for manufacturing heavy sections. The process involves heating a metal billet and then passing it through a series of rollers to create the desired shape. The high temperature during hot rolling allows the metal to be easily shaped and formed.</p> <p>In the hot rolling process, the metal billet undergoes a series of steps. First, it is heated above its recrystallization point to facilitate deformation. Subsequently, the billet is passed through multiple rollers that gradually reduce its thickness and mould it into the desired shape. Following this, the beam is allowed to cool and subsequently cut to the required length.</p> <p>Hot rolling is a highly efficient process that can produce large quantities quickly and cost-effectively. The resulting beams have a smooth surface finish and excellent structural properties, making them ideal for use in construction projects. Please see the below diagram for a visual representation of the process. The Applicant submits that this process is the same overall regardless of the shape being made.</p>	<p>Hot rolling is one of the most popular techniques employed for manufacturing heavy sections. The process involves heating a metal billet and then passing it through a series of rollers to create the desired shape. The high temperature during hot rolling allows the metal to be easily shaped and formed.</p> <p>In the hot rolling process, the metal billet undergoes a series of steps. First, it is heated above its recrystallization point to facilitate deformation. Subsequently, the billet is passed through multiple rollers that gradually reduce its thickness and mould it into the desired shape. Following this, the beam is allowed to cool and subsequently cut to the required length.</p> <p>Hot rolling is a highly efficient process that can produce large quantities quickly and cost-effectively. The resulting beams have a smooth surface finish and excellent structural properties, making them ideal for use in construction projects. Please see the below diagram for a visual representation of the process. The Applicant submits that this process is the same overall regardless of the shape being made.</p>

<b>Factors</b>	<b>SACU produced product</b>	<b>Imported subject product</b>
<b>Technical characteristics and appearance</b>	<p><i>Technical characteristics includes but not limited to:</i></p> <ul style="list-style-type: none"> <li>• Structural steel with beam profiles ranging from of 203mm x 133mm to 533mm x 210mm;</li> <li>• Structural steel with column profiles of 152mm x 152mm to 305mm x 305mm;</li> <li>• Structural steel with channel profiles ranging from 152mm x 76mm and 200mm to 75mm and</li> <li>• Equal angles with profiles ranging from 150mm x 150mm to 200mm x 200mm</li> </ul> <p>For the appearance of the SACU product when it is finished, please see images provided under paragraph 5.1.9:</p>	<p><i>Technical characteristics includes but not limited to:</i></p> <ul style="list-style-type: none"> <li>• Structural steel with beam profiles ranging from of 203mm x 133mm to 533mm x 210mm;</li> <li>• Structural steel with column profiles of 152mm x 152mm to 305mm x 305mm;</li> <li>• Structural steel with channel profiles ranging from 152mm x 76mm and 200mm to 75mm and</li> <li>• Equal angles with profiles ranging from 150mm x 150mm to 200mm x 200mm</li> </ul> <p>For the appearance of the imported product when it is finished, please see images provided under paragraph 5.1.9:</p>
<b>Application or end use</b>	The SACU product are intermediary products in the fabrication, construction, and mining industries, and utilised in rail, renewable energy, primary energy, infrastructure development and general engineering sectors.	The imported products are also intermediary products in the fabrication, construction, and mining industries, and are utilised in rail, renewable energy, primary energy, infrastructure development and general engineering sectors.
<b>Substitutability</b>	The SACU products are fully substitutable with the imported products	The imported products are fully substitutable with the SACU products
<b>Tariff classification</b>	7216.31; 7216.32; 7216.33; and 7216.50.	7216.31; 7216.32; 7216.33; and 7216.50.

### **Applicant's comments**

The Applicant stated that although the subject product is imported under the different tariff sub-headings, indicating differentiated products, they should be treated as a single product, namely structural steel products and one dumping margin should be calculated and applied to all the relevant tariff codes. The Applicant emphasized the importance of defining the subject product clearly at the outset of the investigation,



with a focus on the product itself. The Applicant also indicated that the tariff sub-headings are merely a tool used by the South African Revenue Service (SARS) for as identifying and categorizing trade goods, and do not determine the product's scope. Therefore, whether the product falls under one or multiple tariff headings or sub-headings is irrelevant.

### **Commission's consideration**

The Commission considered that the mere fact that there are various tariff sub-headings does not mean that the Commission cannot conclude that there is one subject product. The Commission agreed with the Applicant that the tariff sub-headings do not define the product under investigation but provide guidance as one of the elements for defining and determining like product(s) under ADR 1. In addition to the guidance in defining the subject product, tariff sub-headings are also applicable in the determining whether there should be a single dumping margin. Based on facts available, the Commission made a preliminary determination that, irrespective of multiple tariff sub-headings, there is one single product under this investigation, i.e. structural steel products, and therefore a single dumping margin should be determined and be applied in all applicable tariff subheadings as indicated above.

The Commission made a preliminary determination that the SACU products and the imported products are "like products," for purposes of comparison, in terms of the definition of "like product" in ADR 1.

### **3. INDUSTRY STANDING**

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The application was lodged by AMRAS, the only producer of the subject product in SACU. AMRASA constitutes 100% of the domestic production of the subject products in SACU.

The Commission made a preliminary determination that the application can be regarded as being made by or on behalf of the domestic industry in terms of ADR7.2.

## **4. DUMPING**

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The margin of dumping is calculated by subtracting the export price from the normal value of the product (after all 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.

### **4.1 METHODOLOGY IN THIS INVESTIGATION FOR THE PRC AND THAILAND**

Since there are no responses from Chinese and Thai exporters to provide specific details on dumping information, the Commission made a preliminary determination that the normal value and the export price be determined based on facts available. The facts available for normal value comprises of information supplied by the Applicant and contained in the application. The facts available for export price are the import statistics obtained from SARS for the period of investigation for dumping.

#### **4.1.1 PRC**

##### **4.1.1.1 Normal Value**

The Applicant determined the normal values based on a third country methodology which is defined in ADR23.4(b). The Applicant selected the United States of America (“USA”) to determine Chinese normal values.

To substantiate the normal values in line with ADR23.6, the Applicant used the International Trade Centre (“ITC Trade Map”), an online database on international trade statistics, as proof of export prices from the PRC to the USA, for the period 01 April 2023 to March 2024.

Based on ITC Trade Map the weighted averaged normal value at FOB level was calculated to be R16.93/kg.

The FOB weighted average normal value was adjusted by transport costs and port handling and clearance charges to get to the ex-factory weighted average normal value of R16.47/kg.

#### 4.1.1.2 Export price

The weighted average FOB export price per kg was determined based on the official import statistics obtained from SARS for the period from 01 April 2023 to 31 March 2024.

Based on SARS's import statistics the weighted average export price was calculated to be R11.38/kg.

The weighted average FOB export price was adjusted by inland freight, and port handling and clearance charges to get to the ex-factory weighted average export price of R10.92/kg.

#### 4.1.1.3 Margin of dumping

Based on the above, the dumping margin for the PRC was calculated as follows:

**Table 4.1.1.3: Weighted dumping margin**

	R/kg
Ex- factory normal value	16.93
Less: Ex-factory export price	10.92
<b>Margin of dumping</b>	<b>6.01</b>
<b>Margin of dumping a percentage of the ex-factory export price</b>	<b>55.04%</b>

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

## **4.1.2 Thailand**

### **4.1.2.1 Normal value**

The Applicant determined the normal values based on a third country methodology which is defined in ADR23.4(b). The Applicant selected New Zealand (“NZ”) to determine Thai normal values.

To substantiate the normal values in line with ADR23.6, the Applicant used the International Trade Centre (“ITC Trade Map”), an online database on international trade statistics, as proof of export prices from Thailand to NZ, for the period 01 April 2023 to March 2024.

Based on ITC Trade Map the weighted averaged normal values at CIF level was calculated to be R16.45/kg.

The CIF weighted average normal value was adjusted by sea freight, insurance, and inland freight, and port handling and clearance charges to get to the ex-factory weighted average normal value of R14.78/kg.

The Commission considered that fact that the Applicant was unable to find inland freight from the harbour of Thailand to the plant in order to arrive at domestic ex-factory selling price in Thailand. Alternatively, the Applicant provided the Commission with inland freight cost from China to Thailand as a fair estimate.

The Commission noted that although China and Thailand are close enough to each other to make it possible to drive from one country to the other, the cost provided by the Applicant is a Chinese price for Chinese export sales to Thailand, therefore not a domestic inland freight cost in Thailand. The Commission decided not to use this cost information.

The Commission made a preliminary determination to apply its practice of adjusting normal value by 5%, which is a conservative rate, to account for inland freight cost

when actual amount of such costs is not known and/or not properly substantiated for purposes of adjusting normal value to the ex-factory level.

#### **4.1.2.2 Export price**

The weighted average FOB export price per kg was determined based on the official import statistics obtained from SARS for the period from 01 April 2023 to 31 March 2024.

Based on SARS's import statistics the weighted average FOB export price was calculated to be R13.82/kg.

The FOB weighted average export price was adjusted by inland freight, and port handling and clearance charges to get to the weighted average ex-factory export price of R13.05/kg.

#### **4.1.2.3 Margin of dumping**

Based on the above, the dumping margin for all exporters/producers in Thailand for the subject product is as follows:

**Table 4.1.2.3: Margin of dumping**

	<b>R/kg</b>
Ex- factory normal value	14.78
Less: Ex-factory export price	13.05
<b>Margin of dumping</b>	<b>1.26</b>
<b>Margin of dumping a percentage of the ex-factory export price</b>	<b>9.66%</b>

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

## **5. MATERIAL INJURY**

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### **5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION**

The material injury is based on information provided by AMRAS, constituting 100% of SACU's domestic production of the subject product from 01 April 2023 to 31 March 2024.

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

### **5.2 CUMULATIVE ASSESSMENT**

There are two countries are involved in this investigation. Therefore, the Commission considered whether the effects of the imports from the two countries should be cumulatively assessed.

In considering whether cumulative assessment was appropriate with regard to the imports from these countries in terms of ADR16.3 the Commission considered the following:

#### **(i) Dumping margins:**

The dumping margins for the PRC and Thailand are calculated in tables 4.1.1.3 (pp. 20) and 4.1.2.3 (pp.22) to be above two percent when expressed as a percentage of ex-factory export price.

#### **(ii) Negligibility levels:**

The import volumes for the PRC and Thailand calculated in table 2.1.6 (pp. 9), are above three percent when expressed a percentage of total imports.

#### **(iii) Competition between imported products from the PRC and Thailand:**

- The imported products from the PRC and Thailand are like products that are 100% substitutable with each other.

- The imported products are exported to SACU at a similar FOB export price and are sold to the same customers. For example, according to the Bills of Entry (BOE) from SARS, the average FOB export price for Thailand and the PRC was R13,49/kg and R12.54/kg respectively, during the period of investigation for dumping. The BOE also shows that the imported products from the PRC and Thailand were both sold in the SACU market to similar customers of Chinese and Thai exporters.
- The two export prices are both undercutting the SACU prices as demonstrated in paragraph 5.3.2.1 (pp.26).
- Lastly, both imported products are gaining market share in the SACU market throughout the period of investigation as demonstrated in table 5.3.3.3 (pp.29).

**(iv) Competition between Chinese and Thai imported products and SACU produced products:**

- As demonstrated in Table 2.3 (pp 15-16), the imported products and the SACU produced products are like products that are traded in the SACU market and are substitutable with each other as they share the same end-use. For example, the imported products are sold in SACU market by Macsteel who is also selling AMRAS products in the same market (Macsteel is AMRAS' customer); and
- The imported products from the PRC and Thailand are competing with the SACU produced products at prices that are undercutting the SACU prices as demonstrated in paragraph 5.3.2.1 (pp.26).

The Commission made a preliminary determination to cumulatively assess the impact of the import volumes from the PRC and Thailand for purposes of material injury determination.



### 5.3 MATERIAL INJURY ANALYSIS

According to Article 3.1 of the WTO Anti-Dumping Agreement, a determination of injury shall be based on positive evidence and involve an objective examination of both **(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 (own underlining).

The injury information presented below relates to the evaluation of data for the period 01 April 2021 to 31 March 2024.

#### 5.3.1 The volume of dumped imports

The following tables show the volume of the alleged dumped imports of the subject products as sourced from SARS for the period 01 April 2021 to 31 March 2024.

**Table 5.3.1.: Volume of imports in absolute terms**

Kg	2021/22	2022/23	2023/24
Alleged dumped imports from the PRC and Thailand	1 174 800	8 337 512	27 247 158
Other imports from the rest of the world	29 843 439	13 291 244	6 463 945
<b>Total imports</b>	<b>31 018 239</b>	<b>21 628 756</b>	<b>33 711 103</b>

The table above shows that the alleged combined dumped imports from the PRC and Thailand increased substantially throughout the POI, with an overall increase of 2 219 percent over the POI. The table also shows that imports from other countries decreased substantially during the same period, recording a 78 percent decline over the POI.

#### Commission's consideration

The alleged dumped import volumes are the only volumes that increased during the POI. The injurious effect of the 667 percent increase between 2021/22 and 2022/23 and the 227 percent increase between 2022/23 and 2023/24, on the SACU industry is evident in the price and volume injury indicators presented below.

### 5.3.2 The effect of dumped imports on domestic prices

The Applicant provided the following information to demonstrate the effect on domestic prices and changes in SACU industry's domestic performance.

#### 5.3.2.1 Price undercutting

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

In determining whether the prices of the imported subject product undercut the Applicant's domestic selling prices, the Commission used the FOB export price plus sea freight, insurance, port handling, and ordinary customs duty costs to arrive at landed cost. The Commission compared the Applicant's ex-factory selling price and landed cost and found that the prices of the imported subject products undercut the Applicant's domestic selling prices by 20% when cumulatively assessed during the POI for dumping.

The Commission considered the fact that 20% price undercutting in 2023/24 coincided with the Applicant's inability to increase prices in 2023/24, resulting in profits turning into losses in that year, as an indication of causality.

#### 5.3.2.2 Price depression

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

**Table 5.3.2.2: Price depression**

R/kg	2021/22	2022/23	2023/24
Ex-factory selling price	100	119	121

The figures were indexed due to confidentiality using 2021/22 as a base year

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

### **Commission’s consideration**

Even though the Applicant increased their selling prices throughout the POI, the increase was not to the same extent as the increases observed in production costs. As a result, in 2023/24 the Applicant could not increase its selling prices enough to recover all the production costs, leading to the loss (see tables 5.3.2.3 and 5.3.3.2 below). Therefore, as shown in the following tables, the Applicant’s prices, despite showing an increase over the POI, remain suppressed, undercut by the imported products (see paragraph 5.3.2.1 above), and unable to generate gross profits (see tables 5.3.2.3 and 5.3.3.2 below).

#### **5.3.2.3 Price suppression**

Price suppression takes place where the cost-to-price-ratio of the SACU industry increases, or where the SACU industry sells at a loss during the POI, or part thereof.

**Table 5.3.2.3: Price suppression**

<b>R/ton</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Ex-factory selling price	100	119	121
Production cost	100	123	144
Cost as a % of selling price	100	103	119
Gross profit	100	72	-6

The figures were indexed due to confidentiality using 2021/22 as a base year.

The table above shows that that the cost-to-price ratio of the Applicant increased throughout the POI, with an overall increase of 19 percent over the POI. The table also shows that the Applicant is in a loss-making situation at the end of the POI. The increasing cost-to-price ratio and loss-making situation both indicates that the Applicant’s prices are suppressed.

### 5.3.3 Consequent impact of the dumped imports on the SACU industry

#### 5.3.3.1 Actual and potential decline in sales volumes

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

**Table 5.3.3.1: Sales volumes**

<b>Ton</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Sales volumes	100	121	128

The figures were indexed due to confidentiality using 2021/22 as a base year

Information in the table above indicates that the Applicant's sales volume increased throughout the POI, with an overall increase of 28 percent over the POI.

#### 5.3.3.2 Profits

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

**Table: 5.3.3.2: Gross & Net Profits**

<b>Rands</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Gross profit	100	72	-6
Net Profit	100	65	-22

The figures were indexed due to confidentiality using 2021/22 as a base year

The information in the table above shows that both gross profits and net profits decreased throughout the POI, resulting in losses at the end of the POI.

### 5.3.3.3 Market share

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

**Table 5.3.3.3: Market share**

<b>Tons</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Applicant's market share as a % of total SACU market	100	110	103
Alleged dumped imports market as a % of total SACU market share	100	700	2000
Other imports market share as a % of total SACU market	100	41	19

The figures were indexed due to confidentiality using 2021/22 as a base year.

The table above indicates that the Applicant's market share increased by 10 percentage points from 2021/22 to 2022/23 and decreased by 7 percentage points from 2022/23 to 2023/24, showing an overall minimal increase of 3 percentage points over the POI. The table above also shows that the market share of the cumulated alleged dumped imports increased by 600 percentage points in 2022/23 and by 1 900 percentage points in 2023/24.

### **Commission's consideration**

The table shows that the Applicant started on a good foot when it was incorporated in August 2022 and gained 10 percent market share. The Applicant could not hold on to that gain, which was significantly reversed in 2023/24 when the Applicant lost 7 percentage points of its market share. This was despite an increase in Applicant's sales volumes during the year 2023/24. The Commission considered this to be an indication of injury as it demonstrates the adverse effect of the alleged dumped imports on the performance of the SACU industry.

### 5.3.3.4 Output

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

**Table 5.3.3.4: Output**

<b>Ton</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Output volumes	100	118	122

The figures were indexed due to confidentiality using 2021/22 as a base year.

The information in the table above indicates that production volume increased throughout the POI, with an overall increase of 22 percentage points over the POI.

### 5.3.3.5 Employment

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

**Table 5.3.3.5: Number of employees in manufacturing production**

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Total labour units in direct production	100	98	92

The figures were indexed due to confidentiality using 2021/22 as a base year.

The table above indicates that the Applicant's employee numbers decreased throughout the POI, with an overall decline of 16 persons over the POI.

### Commission's consideration

The Commission considered the fact that in 2021/22 the Applicant was operating the Highveld Structural Steel on a manufacturing agreement while Highveld was in business rescue. The 100 basis points represents the number of employees that were working on a contract basis until 2023 when the Applicant officially owned the plant. In 2023, the Applicant could only absorb 98 employees as permanent. The Commission considered the fact that the Highveld mill has a history of employing 1 700 employees and all were lost when Highveld went into business rescue in 2021. The Highveld mill under AMRAS still contends there is the potential to create over a thousand of jobs in and around Emalahleni region. For this to happen, it is the Commission's view that import replacement and localisation would

be perfect drivers, among other things, to increase AMRAS sales orders. More sales order would lead to more being produced for which more employees will be needed.

The Commission considered the current employment levels at AMRAS to be an indication of injury as it demonstrates the adverse effect of the alleged dumped imports on the performance of the SACU industry.

### 5.3.3.6 Productivity

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

**Table 5.3.3.6: Productivity**

	2021/22	2022/23	2023/24
Production volumes (Ton)	100	118	122
Number of employees	100	98	92
Productivity per employee	100	119	132

The figures were indexed due to confidentiality using 2021/22 as a base year

The table above indicates that the Applicant’s productivity per employee increased throughout the POI, with an overall increase of 32 percent over the POI.

### Commission’s consideration

During verification, the Applicant stated that in 2022/23 it had invested to boost the speed and efficiency of the plant, and this is seen in the 19 percent increase in productivity. In 2023/24, the Applicant made further investments in the plant, to achieve more speed and efficiency as seen in the 32 percent increase in productivity. This was despite the Applicant making losses during the year 2023/24.

### 5.3.3.7 Utilisation of production capacity

The following table provides the Applicant's capacity utilisation.

**Table 5.3.3.7: Capacity utilisation**

<b>Ton</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Total Installed Capacity	100	100	100
Actual production	100	118	122
Capacity utilisation %	100	110	109

The figures were indexed due to confidentiality using 2021/22 as a base year

The table above indicates that capacity utilisation increased by 10 percentage points from 2021/22 to 2022/23 and decreased by 1 percentage points from 2022/23 to 2023/24, resulting to an overall increase of 9 percentage points over the POI.

#### **Commission's consideration**

The Commission considered that even though the Applicant's capacity utilisation is showing an increase over the POI, it is not at optimal levels as the Applicant's capacity utilisation hardly passed the 50 percent mark during the POI (in terms of actual figures). The Commission considered 50 percent (and below) capacity utilisation to be an indication of a mill that is not fully utilised. It is the Commission's view that the low levels of capacity utilisation are an indication of injury as it demonstrates the adverse effect of the alleged dumped imports on the performance of the SACU industry.

The Commission further considered the fact that the Applicant, as the only producer of the subject product in SACU and Africa, has the potential to fully utilise the plant to supply the SACU market and the African continent.



### 5.3.3.8 Return on Investment

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

**Table 5.3.3.8: Return on investment**

(R)	2021/22	2022/23	2023/24
Net profit	100	65	-22
Net assets for the product concerned	100	100	120
Return on net asset %	100	67	-20

The figures were indexed due to confidentiality using 2021/22 as a base year.

The table above indicates that return on investments decreased throughout the POI, resulting in negative returns at the end of the POI.

### Commission's consideration

The declining profits, which did not correlate with increases in selling prices, sales volumes, and additional investments being made in 2023/24, are a contributing factor to the poor performance of the Applicant in terms of its return on investments. It is Commission's view that the situation is an indication of injury as it demonstrates the adverse effect of the alleged dumped imports on the performance of the SACU industry.

### 5.3.3.9 Factors affecting domestic prices

The Applicant experienced price suppression and undercutting.

### 5.3.3.10 Magnitude of margins of dumping

It has already been shown in section 4 of this report that the dumping margins for the PRC and Thailand are 55.04% and 9.66% respectively, summing up to 64.70% when combined.

### 5.3.3.11 Actual and potential negative effects on cash flow

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

**Table 5.3.3.11: Net Cash flow**

(R)	2021/22	2022/23	2023/24
Cash flow: Incoming	100	117	119
Cash flow: Outgoing	100	116	123
Net cash flow	100	110	-37

The figures were indexed due to confidentiality using 2021/22 as a base year.

The table above indicates that net cash flow for the subject product increased by 10 percent between 2021/22 and 2022/23. However, this started to decrease in 2023/24, resulting in negative net cash flow at the end of the POI.

### Commission's consideration

The table above demonstrate that the Applicant's outflow increased more than the inflows of cash. In 2023/24 the situation became worse as the outflow of cash, such as input raw material costs and salaries and wages continued to rise and exceeded the inflow from operating sales activities, hence the negative net cash flow in 2023/24.

### 5.3.3.12 Inventories

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

**Table 5.3.3.12: Inventories**

	2021/22	2022/23	2023/24
Inventory volume (Ton)	100	109	133
Inventory value (R)	100	183	200

The figures were indexed due to confidentiality using 2021/22 as a base year.

The table above indicates that the inventory volumes and values for the subject product increased throughout the POI, with an overall increase of 33 percent and 100 percent over the POI for volumes and values, respectively.

### Commission’s consideration

Due to the fact that orders are slow at times and the plant needs to run 24 hours a day, seven days a week, the Applicant manufactures goods to anticipate incoming orders, i.e. potential sales.

#### 5.3.3.13 Wages

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

**Table 5.3.3.13: Total Wages (production)**

Rands	2021/22	2022/23	2023/24
Total wages per year	100	105	111
Wages per employee	100	109	113

The figures were indexed due to confidentiality using 2021/22 as a base year.

The table above indicates that the total wages and wages per employee both increased throughout the POI, with overall increase of 11 percent over the POI for total wages and 13 percent for wages per employee.

The Applicant stated that it increased its wage rate when it took over the plant under contract in 2017, increase the wage rate further, and added other benefits when it absorbed employees permanently in 2023. Therefore, despite a decline in employment numbers in 2023/24, the Applicant continues to be committed to paying a decent wage rate per employee and benefits to encourage the remaining number of employees to be as productive as possible.

### 5.3.3.14 Ability to raise capital and investments.

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

**Table 5.3.3.14: Ability to raise capital and investment.**

	2021/22	2022/23	2023/24
Capital investment in subject product	100	100	120
Capital expenditure in subject product	100	100	20

The figures were indexed due to confidentiality using 2021/22 as a base year.

The table above indicates that the investment remained constant between 2021/22 and 2022/23 and decline at the end of the POI, resulting to an overall decrease of 82 percent over the POI.

### **Commission's consideration**

The Applicant invested R154 million in the plant when it entered into the contractual agreement with Highveld with a formal option to buy the mill. The Applicant continued investing until 2023/24 when it was no longer able to continue investing at the same levels. Despite making losses, the Applicant made an investment of R30 million in 2023/24. The investments are made to increase the efficiency of the reheating furnace, the mill's rolls, and motors.

The decline in investment is an indication of the Applicant's declining ability to raise enough capital to continue improving the performance of the plant. This declining ability to invest in 2023/24 coincides with the massive increase of 227% of alleged dumped imports from the PRC and Thailand, an indication of the adverse effect of the alleged dumped imports on the performance of the SACU industry.

### 5.3.3.15 Growth

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

**Table 5.3.3.15: Growth**

<b>Tons</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>% change between Years 1&amp;3</b>
Size of SACU market	100	105	118	18
SACU market % growth of from previous year	-	100	293	193
Applicant % growth from previous year	-	100	30	-70
Alleged PRC and Thailand dumped imports % growth from previous year	-	100	38	-62
Other imports % growth from previous year	-	-100	-93	-7

The figures were indexed due to confidentiality using 2021/22 & 2022/23 as a base year.

The information above indicates that the size of the SACU market grew by 6% from 2021/22 to 2022/23, by 15% from 2022/23 to 2023/24, and by 23% over the POI. The Applicant experienced a growth of 20% from 2021/22 to 2022/23 and 6% from 2022/23 to 2023/24, and by 23% over the POI. The alleged dumped imports experienced growth of 610% from 2021/22 to 2022/23, and a further 227% growth from 2022/23 to 2023/24, resulting in an overall growth of 2 219% during the POI.

The table above indicates that the size of the SACU market increased throughout the POI, with a 23 percent overall increase over the POI.

### 5.3.3.16 Summary of material injury

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

- Increased alleged dumped import volumes;
- Price suppression;
- Price undercutting;
- Declining profits;

- Declining employment;
- Declining returns on investment;
- Declining net cash flows;
- Declining ability to raise capital investments;
- Increasing inventory levels;
- Increasing wages;
- Low levels of capacity utilisation.

In addition to the above, the SACU industry is losing market share in the last year of the POI (between 2022/23 and 2023/24), even though there was a minimal 3 percent increase when viewed over a three-year period. Based on the information above, it is evident that the SACU industry mainly experienced material injury on price-based indicators as is evident by its suppressed and undercut prices, which led to losses and negative impacts on net cash flow and returns on investments.

The negative impact on net cash flow was also perpetuated by the increasing wage bill, which the Applicant uses as one of the tools to encourage productivity amongst its remaining employees. The Applicant's grim profit-making situation also resulted in its inability to raise more capital for investments to improve the performance of its mill. During the period within which the Applicant experienced material injury, imports volumes from the PRC and Thailand increased by 667 between 2021/22 and 2022/23 and by 227 percent between 2022/23 and 2023/24, with an overall 2 219 percent increase during the 3-year POI.

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

## 6. CAUSAL LINK

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### 6.1 General

According to ADR16.1, in considering whether there is a causal link between the dumping and the material injury, the Commission shall consider all relevant factors, including, but not limited to:

- (a) the change in the volume of dumped imports, whether in absolute or relative terms;
- (b) the price undercutting experienced by the SACU industry;
- (c) the market share of the dumped imports;
- (d) the magnitude of the margin of dumping; and
- (e) the price of un-dumped imports available in the SACU market.

The Commission considered the following information to satisfy itself that there is sufficient evidence to indicate that the material injury experienced by the SACU industry, as set out in section 4 of this report, is as a result of the alleged dumped imports volumes of the subject product from the PRC and Thailand.

### 6.2 Volume of imports

The following tables show import volumes of the subject products:

**Table 6.2: Import volumes in absolute terms**

Kg	2021/22	2022/23	2023/24	% Change 2022 - 2024
Alleged dumped imports from the PRC and Thailand	1 174 800	8 337 512	27 247 158	2 219%
Other imports from the rest of the world	29 843 439	13 291 244	6 463 945	78.34%
<b>Total imports</b>	<b>31 018 239</b>	<b>21 628 756</b>	<b>33 711 103</b>	<b>8.68%</b>

The table above shows that the alleged combined dumped imports from the PRC and Thailand increased substantially throughout the POI, with an overall increase of 2 219 percent over the POI. The table also shows that imports from other countries decreased substantially during the same period, recording a 78 percent decline over the POI.

### **Commission's consideration**

The alleged dumped import volumes are the only volumes that increased during the POI. The injurious effect of the 667 percent increase between 2021/22 and 2022/23 and the 227 percent increase between 2022/23 and 2023/24, on the SACU industry is evident in the price and volume injury indicators presented in section 5 of this report. The increases in import volumes coincided with the price suppression experienced by the Applicant, as well as declining profits, resulting in losses at the end of the POI, and other injury indicators as demonstrated in section 5 of this report. Therefore, the Commission considered the extent of the increase in volume of imports, i.e. the 667 percent, the 227 percent, and the 2 219 percent, with corresponding decreases in material injury indicators as demonstrated in section 4 of this report, to be an indication of causality.

### **6.3 Price Undercutting**

In determining whether the prices of the imported subject product undercut the Applicant's domestic selling prices, the Commission used the FOB export price plus sea freight, insurance, port handling, and ordinary customs duty costs to arrive at landed cost. The Commission compared the Applicant's ex-factory selling price and landed cost and found that the prices of the imported subject product undercut the Applicant's domestic selling prices by 20% during the POI for dumping.

The Commission considered the fact that 20% price undercutting in 2023/24 coincided with the Applicant's inability to increase prices in 2023/24, resulting in profits turning into losses in that year, as an indication of causality.



## 6.4 Market Share

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

**Table 6.4: Market share**

	2021/22	2022/23	2023/24	% Change 2022 – 2024
Applicant's market share as a % of total SACU market	100	111	103	3 percentage point
Alleged dumped imports market as a % of total SACU market share	100	679	1 958	1 858 percentage points
Other imports market share as a % of total SACU market	100	43	18	-82 percentage points

The figures were indexed due to confidentiality using 2021/22 as a base year.

Table 6.4 above shows that market share held by imports from the PRC and Thailand increased throughout the POI, with a 13-percentage point increase at the end of the POI and an overall increase of 19 percentage points over the POI. This increase coincided with the Applicants' minimal increase of 3 percentage points over the POI and a decrease of 7 percentage points at the end of the POI.

The Commission considered the extent of the increase in market share of the alleged dumped imports, i.e. 13-percentage point increase at the end of the POI and an overall increase of 19 percentage points over the POI, with a corresponding Applicant's decreasing market share by 7 percentage points at the end of the POI and minimal increase of 3 percentage points over the POI, to be an indication of causality.

## 6.5 Magnitude of the margins of dumping

It has already been shown in section 4 of this report that the dumping margins for the PRC and Thailand are 55.04% and 9.66% respectively, summing up to 64.70% when combined.

## 6.6 Price and volumes of un-dumped imports

Table 6.6: Un-dumped imports

	2021/22	2022/23	2023/24
FOB prices (R/kg)	10.72	16.73	17.93
Landed prices (R/kg)	12.82	19.44	20.75
Import Volumes (kg)	29 843 439	13 291 244	5 463 945

The table above shows that the prices of other imports from other countries increased through the POI. When compared to the Applicant's selling prices, the Commission found that the prices of un-dumped imports from the rest of the world are not undercutting the Applicant's prices, particularly when one looks at the landed costs. The increase in prices was accompanied by a decline in import volumes. The table shows volumes of other imports from the rest of the world declined throughout the POI. When assessed in terms of the impact to the domestic industry, the Commission found that other imports have no (material) injurious impact on the Applicant's prices and performance.

## 6.7 Consequent impact of dumped imports

It was established in section 5 of this report that the SACU industry experienced material injury over a three-year period in the form of:

- Increased alleged dumped import volumes;
- Price suppression;
- Price undercutting;
- Declining profits;
- Declining employment;
- Declining returns on investment;
- Declining net cash flows;
- Declining ability to raise capital investments;
- Increasing inventory levels;
- Increasing wages;
- Low levels of capacity utilisation.

## 6.8 Factors other than the dumping causing injury

According to ADR16.4, the Commission shall consider all relevant factors other than dumping that may have contributed to the SACU industry's injury and the injury caused by such other factors shall not be attributed to the dumping, provided that an interested party has submitted, or the Commission otherwise has, information on such factor or factors.

In this regard, the Commission considered the following information which was provided by the Applicant:

**Table 6.8: Other factors**

<b>Strikes, go-slows or lock outs during the past twelve months</b>	The Applicant stated that there were no strikes, go-slows or lock outs.
<b>Contraction in demand or changes in patterns of consumption</b>	The Applicant submits that overall demand for the subject product has been sluggish over the POI and will remain this way for the foreseeable future. This is especially apparent in the mining and construction sectors which are large consumers of the subject product. However, what is notable is the clear shift away from the local product in favour of the imported product. This is in spite of the SACU market increasing in volumes over the last three years.
<b>Productivity of the domestic industry vis-a-vis that of the exporters</b>	The Applicant stated that it is difficult to quantify the exact productivity of the exporters, it is dependent on the design and installed capacity of the equipment available to the producers of sections. However, the Applicant believes that the productivity of the South African producers is on par with their overseas counterparts.
<b>Development in technology</b>	The Applicant is not aware of recent technology developments during the period of investigation in the PRC and Thailand.
<b>Trade restrictive trade practices</b>	There are no trade restrictive trade practices of and competition between the imported products from the PRC and Thailand and SACU produced products.
<b>SACU industry's export performance</b>	The Applicant exports the subject product into Africa. The exports to Africa constituted 9% to total sales in 2024; 7% in 2023; and 14% in 2022.

<p><b>The effects of exchange rates on production cost, selling price, and the price of the imported product.</b></p>	<p>The Applicant stated that the exchange rate has had no impact on these costs and that it is unaware of any changes to the selling price of the imported product.</p>
<p><b>Other factors affecting the SACU prices</b></p>	<p>The Applicant is not aware of any other factors affecting the SACU prices other than the alleged dumped imports from the PRC and Thailand. The Applicant reserves its rights to address this at a later stage if necessary.</p>

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

## **7. SUMMARY OF FINDINGS**

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### **7.1 Dumping**

The Commission made a preliminary determination that the dumping of the subject products, originating in or imported from the PRC and Thailand is taking place. It was shown in section 5 of this report that the dumping margins for the PRC and Thailand are 55.04% and 9.66% respectively, summing up to 64.70% when combined.

### **7.2 Material Injury**

The Commission found that the Applicant was experiencing material injury over a three year period in the form of:

- Increased alleged dumped import volumes;
- Price suppression;
- Price undercutting;
- Declining profits;
- Declining employment;
- Declining returns on investment;
- Declining net cash flows;
- Declining ability to raise capital investments;
- Increasing inventory levels;
- Increasing wages;
- Low levels of capacity utilisation.

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

### **7.3 Causal Link**

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

## **8. PROVISIONAL PAYMENTS**

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- 8.1** According to ADR32.1, in the event that no foreign exporter/producer cooperates in an anti-dumping investigation, the Commission may immediately request the imposition of provisional payments (PPs) on the basis of the facts available.
- 8.2** In this regard, no foreign exporter/producer responded to the Commission's Initiation Notice of this anti-dumping investigation. The Commission decided that the conditions for immediate imposition of the provisional measure have been met.
- 8.3** According to ADR17, the Commission shall consider applying the lesser duty rule if both the cooperating exporter responds fully with its related importer. 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.
- 8.4** In this regard, no foreign exporter/producer responded to the Commission's Initiation Notice of this anti-dumping investigation. The Commission decided that the conditions for applying the lesser duty rule on provisional measures are not met.
- 8.5** Therefore, the Commission made a preliminary determination to request the Commissioner of SARS to impose provisional payments for a period of 6 months pending the finalisation of this investigation, as per Table 9 below.

## 9. DETERMINATION

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The Commission made a preliminary determination that:

- Dumping of the subject product originating in or imported from the PRC and Thailand 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.

Therefore, the Commission made a preliminary determination to request the Commissioner of SARS to impose provisional payments for a period of 6 months pending the finalisation of this investigation, as per Table 9 below:

**Table 9: Provisional Payments**

Country	Producer	Tariff Sub-heading	Description	Provisional payments
PRC	All producers in the PRC	7216.31	U Sections	52.81% <i>ad valorem</i>
		7216.32	I Sections	52.81% <i>ad valorem</i>
		7216.33	H Sections	52.81% <i>ad valorem</i>
		7216.50	Other angles, shapes, and sections	52.81% <i>ad valorem</i>
THAILAND	All producers in Thailand	7216.31	U Sections	9.12% <i>ad valorem</i>
		7216.32	I Sections	9.12% <i>ad valorem</i>
		7216.33	H Sections	9.12% <i>ad valorem</i>
		7216.50	Other angles, shapes, and sections	9.12% <i>ad valorem</i>

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