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GENERAL NOTICE

NOTICE 624 OF 1999

DEPARTMENT OF TRADE AND INDUSTRY

BOARD ON TARIFFS AND TRADE

NOTICE OF INITIATION OF AN INVESTIGATION INTO THE ALLEGED SUBSIDISATION BY THE GOVERNMENT OF INDIA OF OVERHEAD ALUMINIUM STRANDED WIRE OR CABLES WITH STEEL CORE ORIGINATING IN AND / OR IMPORTED INDIA

The Board on Tariffs and Trade (the Board) received a petition alleging that Overhead Aluminium Stranded Wire or Cable with Steel Core originating in and /or imported from India into the Southern African Customs Union (SACU) market is being subsidised by the Government of India and that the alleged subsidisation is causing material injury and /or a threat thereof to the SACU industry concerned.

THE PETITIONER

The petition was lodged by Malesela Technologies (Pty) Limited (Malesela) of Vereeniging, Gauteng. The SACU industry consists of three domestic producers of the said product, namely, Malesela, Aberdare Cables and Hulett-Hydro Extrusions (Pty) Limited. The domestic industry is represented by the Association of Cable Manufacturers of South Africa. The importers of the alleged dumped products are Transdeco GtmH (Pty) Limited of Braamfontein, Gauteng, ABB Powertech of Benmore, Gauteng, Cegelec of Bramley, Gauteng, Frog Electrical Contractors (Pty) Limited of South Hills, Gauteng and Nampower (Pty) Limited of Windhoek, Namibia.

The petitioner alleges that tenders for the supply of the said product for major electricity transmission projects in Southern Africa have been awarded in favour of allegedly subsidised products as in the Nampower project and parts of the Mozal projects or in favour of depressed domestic prices as in the Aries-Kokerboom and the Koeberg-Aurora projects. It alleges that the said products are entering the SACU territory and are causing material injury (and / or threat thereof) to the domestic market.

It alleges further that the awards in respect of two such tenders (the Swaziland and the KwaZulu Natal legs of the Mozal project) are presently pending and that the foreign manufacturers/exporters have made bids for these tenders based on alleged subsidised prices.

The petitioner submitted sufficient evidence to establish a *prima facie* case to enable the Board to arrive at a reasonable conclusion that an investigation into alleged subsidisation, material injury and / or threat thereof and causality should be initiated.

THE PRODUCT

The product in respect of which dumping is alleged is Overhead Aluminium Wire or Cables with Steel Core, commonly referred to as Aluminium Conductor Steel Reinforced (ACSR). The product is manufactured by a process of drawing and stranding aluminium and steel wire in varying combinations of each to form a cable. The product is used for the overhead transmission of electricity.

The Customs and Excise classification applicable to the product is tariff subheading 76.14..

THE ALLEGATION OF SUBSIDISATION

The Petitioner alleged and submitted sufficient evidence that Indian producers/exporters of overhead aluminium wire or cable with steel core have benefited from a number of subsidies granted by the Government of India and /or a public body in India. These are : a credit for import duty on materials used, a tax exemption on profits earned on exports, a duty exemption based on input-output norms, preferential suppliers credit, a waiver of import duty on capital goods, investment subsidies, exemption from stamp duty, concessions on power rates, interest subsidies on working capital loans and term loans, an employment subsidy, margin money assistance, interest-free sales tax loans, transport subsidies, provision of warehousing facilities, a subsidy on the purchase of generators and a subsidy on the lease of land.

These subsidies are alleged to be countervailable in terms of the WTO Agreement on Subsidies and Countervailing Measures.

Based on the available information the total value of the subsidy/subsidies is calculated to be 62.9 % of the export price of the product in question.

THE ALLEGATION OF MATERIAL INJURY (AND / OR THREAT THEREOF) AND CAUSAL LINK

The petitioner alleges and submitted sufficient evidence to show price undercutting by the foreign manufacturers/exporters and that the imports in question are suppressing and depressing its selling prices which resulted in the loss of sales volume, revenue, profit, market share and capacity utilisation for the domestic industry. It was also alleged that the increasing market share of the alleged dumped products was at the expense of the domestic industry. On this basis the Board found that there was *prima facie* proof of material injury (and / or threat thereof) and a causal link between the alleged subsidisation and the material injury (and / or threat thereof).

PERIOD OF INVESTIGATION

The period of investigation for the purposes of determining the subsidisation margins will be from 1 January 1997 to 31 December 1998. The period of investigation for the purposes of determining injury and / or the threat thereof will be from 1 January 1997 to 31 December 1999. If there are subsequent events that are relevant to injury and / or the threat thereof the Board may later request and consider further, more recent information.

PROCEDURAL FRAMEWORK

Having decided that there is sufficient evidence and a *prima facie* case to justify its initiation, the Board has begun the investigation in terms of Section 4 of the Board on Tariffs and Trade Act, 1986 (the BTT Act). The Board will conduct its investigation in accordance with the BTT Act and the World Trade Organisation Agreement on the Subsidies and Countervailing Measures (the SCM Agreement). A copy of the SCM Agreement is available from the Board's offices on request.

In order to obtain the information it deems necessary for its investigation, the Board will send non-confidential versions of the petition and questionnaires to the Government concerned, all known importers and exporters, and known representative associations. The trade representatives of the exporting countries have also been notified. Importers, exporters and other interested parties are invited to contact the Board as soon as possible in order to determine whether they have been listed and have been sent the relevant documents. If not, they should immediately ensure that they are sent copies. The questionnaire must be completed and any other representations must be made within the time limit set out below.

CONFIDENTIAL INFORMATION

Please note that if any information is considered to be confidential, a non-confidential version of the information must be submitted for the public file, together with the confidential version. In submitting the non-confidential versions the following rules are strictly applicable and parties must indicate :

- each instance in which confidential information has been omitted and the nature of such information;
- reasons for confidentiality in each such instance;
- a summary of the confidential information which permits a reasonable understanding of the substance of the confidential information in each instance; and
- in exceptional circumstances, where information is not susceptible to summarisation, reasons to this effect.

ADDRESS

The response to the questionnaire and any information regarding this matter, as well as arguments concerning the allegation of dumping and the resultant material injury or threat thereof, must be submitted in writing to the following address :

Physical address

The Director : Dumping Investigations
Room 1601
Fedlife Building
Corner of Church and Prinsloo Streets
PRETORIA
SOUTH AFRICA

Postal address

The Director : Dumping Investigations
Private Bag X753
Pretoria 0001
SOUTH AFRICA

PROCEDURES

All responses, including non-confidential versions of the responses, should be received by the Director : Dumping Investigations not later than 30 days from the date hereof or from the date on which the letter accompanying the abovementioned questionnaire was received. The said letter shall be deemed to have been received seven days after the date of its despatch.

It should be noted that the investigation process is complex and the Board is subject to strict time limits within which to complete its investigation. Late submissions will therefore not be accepted except with the prior written consent of the Board. The Board will give due consideration to written requests for an extension of time of not more than 14 days on good cause shown (properly motivated and substantiated), if received prior to the expiry of the original 30-day period.

The information submitted by any party may need to be verified by the investigating officers in order for the Board to take such information into consideration. The Board may verify the information at the premises of the party submitting the information within a short period after the submission of the information to the Board. Parties should therefore ensure that the information submitted is subsequently available for verification. Parties should also ensure that all the information requested in the questionnaire is provided and in the specified detail and format. The questionnaires are designed to ensure that the Board is provided with all the information required to make a determination in accordance with the rules of the Anti-dumping Agreement. The Board may therefore refuse to verify information that is incomplete or which does not comply with the format in the questionnaire, unless the Board has agreed in writing to a deviation from the required format. A failure to submit an adequate non-confidential version of the response that complies with the rules set out above, will be regarded as an incomplete submission.

Parties that experience difficulty furnishing the information required, or with the format required are therefore urged to make written applications to the Board at an early stage for permission to deviate from the questionnaire or to provide the information in an alternative format that will satisfy the Board's requirements. The Board will give due consideration to such a request on good cause shown.

If the required information and arguments are not received in a satisfactory form within the time limit specified above or if verification of the information cannot take place within a short period of its submission, the Board may disregard the information submitted and make provisional or final findings on the basis of the facts available to it.

Enquiries may be directed to the investigating officers, Albert Strydom at (012) 310 9606 and Sharma Chetty at (012) 310 9826.
