

**REPORT NO. 481**

**SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON GYPSUM  
PLASTERBOARD ORIGINATING IN OR IMPORTED FROM INDONESIA AND  
THAILAND: FINAL DETERMINATION**

The International Trade Administration Commission of South Africa herewith presents its  
**Report No. 481: SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON GYPSUM  
PLASTERBOARD ORIGINATING IN OR IMPORTED FROM INDONESIA AND THAILAND: FINAL  
DETERMINATION**



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17/07/2014

# INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SA

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## SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON GYPSUM PLASTERBOARD ORIGINATING IN OR IMPORTED FROM INDONESIA AND THAILAND: FINAL DETERMINATION

### SYNOPSIS

On 28 June 2013, the International Trade Administration Commission of South Africa (the Commission) notified the interested parties through Notice No. 664 of 2013 in *Government Gazette* No. 36592, that unless a substantiated request is made indicating that the expiry of the anti-dumping duties against imports of gypsum plasterboard originating in or imported from Thailand and Indonesia would likely lead to the continuation or recurrence of dumping and injury, the anti-dumping duties on gypsum plasterboard originating in or imported from Indonesia and Thailand would expire on 5 March 2014.

On 21 February 2014, the Commission initiated a sunset review of the anti-dumping duties on gypsum plasterboard originating in or imported from Indonesia and Thailand through Notice No. 111 of *Government Gazette* No. 37337.

The Application was lodged by Saint Gobain Constructions Products SA (Pty) Ltd (the Applicant). The Applicant is one of the two producers of gypsum plasterboard in SACU. A letter of support was received from Lafarge Gypsum South Africa, which produces less than 50 per cent of gypsum plasterboard produced in SACU.

The investigation was initiated after the Commission considered that the expiry of the anti-dumping duties against imports of gypsum plasterboard originating in or imported from Indonesia and Thailand would likely lead to the continuation or recurrence of dumping and injury.

On initiation of the investigation, the known producers/exporters of the subject product in Indonesia and Thailand were sent a foreign manufacturers/exporters questionnaire to

complete. Importers of the subject product were also sent questionnaires to complete.

After considering all interested parties' comments, the Commission made a final determination that the expiry of the anti-dumping duties on gypsum plasterboard originating in or imported from Indonesia and Thailand would likely lead to the continuation or recurrence of dumping and to the continuation or recurrence of material injury.

The Commission therefore made a final determination to recommend to the Minister of Trade and Industry that the anti-dumping duties be maintained.

## **1. APPLICATION AND PROCEDURE**

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### **1.1 LEGAL FRAMEWORK**

This investigation was conducted in accordance with the International Trade Administration Commission Act, 2002 (Act 71 of 2002) (the “ITA Act”) and the International Trade Administration Commission of South Africa Anti-Dumping Regulations (ADR) read with the World Trade Organisation 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 Saint Gobain Constructions Products SA (Pty) Ltd (Saint Gobain), being the major manufacturer of gypsum plasterboard in the SACU market.

### **1.3 ALLEGATIONS BY THE APPLICANT**

The Applicant alleged that the expiry of the duty would likely lead to continuation or recurrence of injury to the SACU industry. The basis of the continuation or recurrence of dumping was that the goods were being exported to the SACU at prices less than the normal value in the country of origin.

### **1.4 INVESTIGATION PROCESS**

The Commission initiated a sunset review of the anti-dumping duties on gypsum plasterboard originating in or imported from Indonesia and Thailand pursuant to Notice No. 111 which was published in *Government Gazette* No. 37337 on 21 February 2014.

All known interested parties were informed and requested to respond to the questionnaires and the non-confidential version of the application.

The information submitted by Saint Gobain Constructions Products was verified on 15 January 2014.

## **1.5 INVESTIGATION PERIOD**

The investigation period for dumping was from 1 September 2012 to 31 August 2013. The injury investigation involved evaluation of data for the period 1 January 2010 to 31 August 2013. The Commission also considered an estimate of what the situation would be, should the anti-dumping duties expire.

## **1.6 PARTIES CONCERNED**

### **1.6.1 SACU industry**

The SACU's production is as follows:

| Company        | Production |
|----------------|------------|
| Saint Gobain   | >50        |
| Lafarge Gypsum | <50        |

A letter of support was received from Lafarge Gypsum South Africa, which produces less than 50 per cent of gypsum plasterboard produced in SACU.

The Commission decided that the application can be regarded as being made "by or on behalf of the domestic industry" under the provisions of the Anti-Dumping Regulations.

### **1.6.2 Foreign Manufacturers/Exporters**

A response was received from USG Boral Building Products, Thailand stating that as the anti-dumping duties are no longer relevant to them, it would not be submitting any information.

On 2 April 2014, the due date for responses, a request for extension was received from PT. Siam-Indo Gypsum Industry (Siam-Indo), an exporter of gypsum plasterboard stating that it has only received notice of the investigation on 26 March 2014 and given the limited time to submit the information, requested extension. The Commission's records indicated that notice of the initiation of the investigation as well as all the relevant documents, delivered via courier, was received by Siam-Indo on 28 February 2014. The Commission therefore decided not to grant the extension.

On 2 April 2014 a letter was received from the Directorate General of Foreign Trade, Ministry of Trade of the Republic of Indonesia commenting on the investigation. A non-confidential version of the letter was requested, but no response was received.

#### **1.6.3 Importers**

A confidential letter was received from Capco Ceiling and Partition Components CC (Capco), an importer of Gypsum Plasterboard raising its objection against this investigation. A letter was sent to Capco requesting a non-confidential version of this letter. However, none was received and therefore no interested party could comment on this letter.

### **1.7 COMMENTS**

On 2 April 2014 a letter was received from the Directorate General of Foreign Trade, Ministry of Trade of the Republic of Indonesia commenting on the investigation. A non-confidential version of the letter was requested, but no response was received.

The only comments received on essential facts letters were received from Siam-Indo. Saint Gobain submitted a response to Siam Indo's comments on 5 June 2014.

The Commission took *all* interested parties' comments into account for purposes of making its final determination and recommendation to the Minister of Trade and Industry. Copies of the non-confidential versions are available on the public file.

## **1.8 FINAL DETERMINATION**

After considering all comments submitted by interested parties within the specified time periods, the Commission made a final determination that the expiry of the anti-dumping duties on the subject product would likely lead to the continuation or recurrence of dumping and material injury to the SACU industry.

The Commission therefore made a final determination to recommend to the Minister of Trade and Industry that the anti-dumping duties be maintained at the following rates:

| Country   | Rate of anti-dumping duty |
|-----------|---------------------------|
| Thailand  | 45%                       |
| Indonesia | 34.6%                     |

## 2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

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### 2.1 IMPORTED PRODUCTS

#### 2.1.1 Description

Gypsum plasterboard are articles of plaster or of compositions based on plaster faced or reinforced with paper or paperboard only.

#### 2.1.2 Tariff classification

The subject product is classifiable as follows:

| Chapter 68 |                   | ARTICLES OF STONE, PLASTER, CEMENT, ASBESTOS, MICA OR SIMILAR      |                  |              |      |      |      |
|------------|-------------------|--------------------------------------------------------------------|------------------|--------------|------|------|------|
| Heading    | Tariff subheading | Description                                                        | Statistical unit | Rate of duty |      |      |      |
|            |                   |                                                                    |                  | General      | EU   | EFTA | SADC |
| 68.09      |                   | Articles of Plaster or of compositions based on plaster            |                  |              |      |      |      |
|            | 6809.11           | Boards, sheets, panels, tiles and similar articles, not ornamented |                  |              |      |      |      |
|            | 6809.11           | Faced or reinforced with paper or paperboard only                  | kg               | 15%          | free | 3.7% | free |

#### 2.1.3 Country of origin/export

The subject product originates in and is exported from Indonesia and Thailand.

#### 2.1.4 Application/end use

The subject products are used for internal walling and ceiling applications, namely drywall and partitioning. The product is used in offices, shopping malls, housing walls and ceilings.

### 2.1.5 Production process

The production process being used is a continuous process whereby gypsum and paper are formed into plasterboard.

## 2.2 SACU PRODUCT

### 2.2.1 Description

Gypsum plasterboard are articles of plaster or of compositions based on plaster faced or reinforced with paper or paperboard only. The name of the SACU product is gypsum plasterboard and its trade name is Rhino Board.

### 2.2.2 Application/end use

The subject product is used for internal walling and ceiling applications, namely drywall and partitioning. The product is used in offices, shopping malls, housing walls and ceilings.

### 2.2.3 Tariff classification

The SACU product is classifiable under the following tariff subheadings:

| Chapter 68 |                   | ARTICLES OF STONE, PLASTER, CEMENT, ASBESTOS, MICA OR SIMILAR      |                  |              |      |      |      |
|------------|-------------------|--------------------------------------------------------------------|------------------|--------------|------|------|------|
| Heading    | Tariff subheading | Description                                                        | Statistical unit | Rate of duty |      |      |      |
|            |                   |                                                                    |                  | General      | EU   | EFTA | SADC |
| 68.09      |                   | Articles of Plaster or of compositions based on plaster            |                  |              |      |      |      |
|            | 6809.1            | Boards, sheets, panels, tiles and similar articles, not ornamented |                  |              |      |      |      |
|            | 6809.11           | Faced or reinforced with paper or paperboard only                  | kg               | 15%          | free | 3.7% | free |

#### **2.2.4 Production process**

The production process being used is a continuous process whereby gypsum and paper are formed into plasterboard.

### **2.3 LIKE PRODUCTS**

#### **2.3.1 General**

In order to establish the existence and extent of injury to the SACU industry, it is necessary to determine whether the products produced by the SACU industry are like products to those originating in or imported from Indonesia and Thailand.

#### **2.3.2 Analysis**

In the original investigation the Commission decided that the SACU product and the imported products were “like products” for purpose of comparison, in terms of the Anti-Dumping Regulations.

### 3. SACU INDUSTRY

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#### 3.1 INDUSTRY STANDING

The application was lodged by Saint Gobain, on behalf of the SACU industry. Lafarge Gypsum provided a letter of support.

The Applicant's production market share is as follows:

| SACU production | % of production |
|-----------------|-----------------|
| Saint Gobain    | >50             |
| Lafarge Gypsum  | <50             |
| Total SACU      | 100             |

The Applicant stated that Saint Gobain's production is more than 50% of the total SACU production.

The Commission decided that the application can be regarded as being made "by or on behalf of the domestic industry" under the provisions of the Anti-Dumping Regulations.

## 4. CONTINUATION OR RECURRENCE OF 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 f.o.b. export price. If the margin is less than two percent, it is regarded as *de minimis* in terms of ADR 12.3 and no anti-dumping duty will be imposed.

### 4.1 METHODOLOGY FOR ALL MANUFACTURERS/EXPORTERS FROM INDONESIA

#### 4.1.1 Normal value

The normal value for non-cooperating exporters is based on the best information available for the subject product in the same country.

In determining the normal value for Indonesia, and as no properly documented responses were received from any exporters in Indonesia, the Commission made a final determination to use the best information available, being that provided by the Applicant. Domestic prices were obtained from an invoice in Indonesia.

For purposes of initiation, the normal values were determined to be as follows:

| Sizes   | ZAR per square meter |
|---------|----------------------|
| 6.4mm   | -                    |
| 9.5mm   | 15.31                |
| 12.5mm  | 17.38                |
| Other   | -                    |
| Average | 16.35                |

The Applicant stated that the sizes indicated above were selected as representative of all sizes as these 2 sizes are the two most common sizes sold in the SACU market based on thickness. The prices obtained for Indonesia relate to 9 mm plasterboard with a width of 1.2m and length of 2.4m. The Applicant has selected Boral to be representative of the 9mm for purposes of the application. It was stated that, in the SACU plasterboard trades in a high quality market and

therefore it is the Applicant's view that high quality product will be imported at higher prices.

Based on market intelligence obtained is it Saint Gobain's opinion that 12 mm sells at a margin of 12-15% above the price of 9 mm. The 9 mm prices obtained were quoted per piece. In order for the price to be comparable the pieces were converted to per square meter using a factor of 2.88 which is  $1.2 \times 2.4$ , as follows:  
 $47\,412 \text{ IDR} / 2.88 = 16\,462.50 \text{ IDR per square meter.}$

No adjustments were claimed.

Taking all comments into consideration, the Commission decided that the normal values be calculated using the average for the different sizes, as this is the best information available for calculation of the normal values, in the absence of properly documented responses from exporters.

The normal values were therefore calculated to be as follows:

| Indonesia                    | 9.5mm | 12.5mm | Average |
|------------------------------|-------|--------|---------|
| Normal value (Rand)          | 15.31 | 17.38  | 16.35   |
| Less adjustments             | -     | -      | -       |
| Adjusted normal value (Rand) | 15.31 | 17.38  | 16.35   |

#### **4.1.2 Export price**

It is the Commission's practice to use SARS statistics for determination of the export price. In calculating the export price for Indonesia, the Commission made a final determination to use the best available information, being that provided by the Applicant. The export prices were obtained from Global Trade Information Service Inc. This information was provided in kilograms and was converted to square meters using an average conversion rate:

| Sizes                     | Multiplier to convert kg to square meter |
|---------------------------|------------------------------------------|
| 6.4 mm                    | 5.3 kg per square meter                  |
| 9.5 mm                    | 7.7 kg per square meter                  |
| 12.5 mm                   | 12.5 kg per square meter                 |
| Average conversion factor | 8.5 kg per square meter                  |

For the purpose of calculating a dumping margin, the average export price to Vietnam was used. The Applicant stated that the reasons why it feels it is appropriate to select this third country is as follows:

- Volumes exported to Vietnam are comparable to the volumes exported to SACU;

As per ITAC report 287: "Sunset review of the anti-dumping duties on Gypsum Plasterboard originating in or imported from Thailand and Indonesia: Final Determination" the import quantity from Indonesia for 2006 was 2 385 724 kg and for 2007 3 248 150 kg;

As per the export statistics obtained the export quantity to Vietnam was 2 691 411kg and is therefore comparable to the volumes previously exported to SACU;

- Customers exported to in that country are comparable to the customers exported to in SACU;

Given that the product is used for construction, it will be sold to wholesalers / distributors, which will place it to individual hardware stores; and

- The country exported has a domestic manufacturing industry.

The export prices were therefore calculated to be as follows:

| Indonesia           | 9.5mm | 12.5mm | Average |
|---------------------|-------|--------|---------|
| Export price (Rand) | 13.34 | 13.34  | 13.34   |

#### 4.1.3 Margin of dumping

The following dumping margins were therefore calculated:

| Country               | 9.5mm | 12.5mm | Average |
|-----------------------|-------|--------|---------|
| Normal value (Rand)   | 15.31 | 17.38  | 16.35   |
| Export price (Rand)   | 13.34 | 13.34  | 13.34   |
| Dumping margin (Rand) | 1.97  | 4.04   | 3.01    |
| Dumping margin %      | 15%   | 30%    | 23%     |

## 4.2 METHODOLOGY FOR ALL MANUFACTURERS/EXPORTERS FROM THAILAND

### 4.2.1 Normal value

The normal value for non-cooperating exporters is based on the best information available for the subject product in the same country.

In determining the normal value for Thailand, and as no properly documented responses were received from any exporters in Thailand, the Commission made a final determination to use the best information available, being that provided by the Applicant. Domestic prices were obtained from an invoice in Thailand.

For purposes of initiation, the normal values were determined to be as follows:

| Sizes | BHT per piece | Discount | Price after discount |
|-------|---------------|----------|----------------------|
| 9 mm  | 238           | 49%      | 121.38               |
| 12 mm | 288           | 49%      | 146.88               |

An adjustment of 49% was made as it was indicated on the invoice that a discount was given.

The normal value was then converted to a price per square meter using a conversion factor of 2.88 to convert the price from piece to square meter (1.2m\*2.4m) and calculated to be THB 82.64 for the 9mm plasterboard and THB100 for the 12mm plasterboard using an exchange rate of 1THB = 0.31780 ZAR.

The normal values were calculated to be as follows:

| THAILAND      | PRICE PER SQUARE METER |       |
|---------------|------------------------|-------|
|               | THB                    | RAND  |
| 9mm           | 82.64                  | 26.26 |
| 12mm          | 100                    | 31.78 |
| Average price |                        | 29.02 |

Taking all comments into consideration, the Commission decided that the normal values be calculated using the average for the different sizes, as this is the best information available for calculation of the normal values, in the absence of properly documented responses from exporters.

#### 4.2.2 Export price

It is the Commission's practice to use SARS statistics for determination of the export price. In calculating the export price for Thailand, the Commission made a final determination to use the best available information, being that provided by the Applicant. The Applicant stated that numerous attempts were made to obtain export quotes to the SACU for the subject product from producers/exporters in Thailand, but was unable to obtain them, and it therefore examined Thailand's export practices to third countries as it can be presumed that they will follow the same practices as in the SACU if similar conditions prevail. The export prices were obtained from the Thai Customs Department. This information was provided in kilograms and was converted to square meters using an average conversion rate:

| Sizes                     | Multiplier to convert kg to square meter |
|---------------------------|------------------------------------------|
| 6.4 mm                    | 5.3 kg per square meter                  |
| 9.5 mm                    | 7.7 kg per square meter                  |
| 12.5 mm                   | 12.5 kg per square meter                 |
| Average conversion factor | 8.5 kg per square meter                  |

Although the official SARS statistics indicated that there were no exports from Thailand, the Thailand export statistics indicated that there were exports to SACU during the period of investigation, and therefore the average export price to South Africa was used.

The export prices were therefore calculated to be as follows:

|                                  |                |
|----------------------------------|----------------|
| Thailand                         | <b>Average</b> |
| Average export price (fob value) | 14.66          |

#### 4.2.3 Margin of dumping

The following dumping margins were therefore calculated:

| Country               | 9.5mm | 12.5mm | Average |
|-----------------------|-------|--------|---------|
| Normal value (Rand)   | 26.26 | 31.78  | 29.02   |
| Export price (Rand)   | 14.66 | 14.66  | 14.66   |
| Dumping margin (Rand) | 11.60 | 17.12  | 14.36   |
| Dumping margin %      | 79%   | 117%   | 98%     |

##### 4.2.3.1 Comparison of existing anti-dumping duties and dumping margins calculated in this investigation:

The comparison of the current anti-dumping duty and the calculated anti-dumping duty is as follows:

|                              | Thailand | Indonesia |
|------------------------------|----------|-----------|
| Current anti-dumping duty    | 45%      | 34.6%     |
| Calculated anti-dumping duty | 98%      | 23%       |

As there were no imports from either Indonesia or Thailand, the Commission decided that the existing anti-dumping duties on gypsum plasterboard be maintained.

#### **4.5 FINAL DETERMINATION - DUMPING**

For purposes of its final determination, the Commission considered all the comments from interested parties. The Commission made a final determination that the expiry of the duties would likely lead to the continuation or recurrence of dumping of the subject products originating in or imported from Indonesia and Thailand.

The Commission therefore decided to recommend to the Minister of Trade and Industry that the anti-dumping duties be maintained.

## **5. CONTINUATION OR RECURRENCE OF MATERIAL INJURY**

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

The following injury analysis relates to the Applicant, Saint Gobain, a major producer of the subject products in the SACU market in the following proportions:

| <b>SACU Production</b> | <b>% of Production</b> |
|------------------------|------------------------|
| Saint Gobain           | >50                    |
| Lafarge Gypsum         | <50                    |
| Total SACU             | 100                    |

Saint Gobain's production is more than 50% of the total SACU production. Lafarge Gypsum produces less than 50% of the total SACU production.

The Commission decided that this constitutes "a major proportion" of the total domestic production, in accordance with the ADR.

### **5.2 IMPORT VOLUMES AND EFFECT ON PRICES**

#### **5.2.1 Import volumes**

The following table shows the volume of the alleged dumped imports of the subject product as sourced from the South African Revenue Service statistics from 2010 to 2013 and an estimate for 2013, should the duties be withdrawn.

| <b>Country</b>                          | <b>2010</b>   | <b>2011</b>   | <b>2012</b>   | <b>Jan- Aug 2013</b> | <b>Estimate if duty expires</b> |
|-----------------------------------------|---------------|---------------|---------------|----------------------|---------------------------------|
| Dumped imports(Units):                  |               |               |               |                      |                                 |
| Indonesia                               | -             | -             | -             | -                    | 18 500 000                      |
| Thailand                                | -             | -             | -             | -                    | 20 000 000                      |
| Other imports (Units):                  |               |               |               |                      |                                 |
| Other countries                         | 10 190 116.27 | 22 319 880.89 | 31 255 287.47 | 20 586 979.18        | 31 255 287.47                   |
| Dumped imports as a % of total imports: |               |               |               |                      |                                 |
| Indonesia                               | -             | -             | -             | -                    | 26.52%                          |
| Thailand                                | -             | -             | -             | -                    | 28.67%                          |
| Other imports as a % of total imports:  |               |               |               |                      |                                 |
| Other countries                         | 100%          | 100%          | 100%          | 100%                 | 44.81                           |
| Dumped imports(Units):                  |               |               |               |                      |                                 |
| Indonesia                               | -             | -             | -             | -                    | 2 121 572.46                    |
| Thailand                                | -             | -             | -             | -                    | 2 293 591.85                    |
| Other imports (Units):                  |               |               |               |                      |                                 |
| Other countries                         | 1 168 598.38  | 2 559 634.84  | 3 584 343.63  | 2 360 906.38         | 3 966 757.82                    |
| Total imports:                          | 1 168 598.38  | 2 559 634.84  | 3,584,343.63  | 2 360 906.38         | 8 381 922.13                    |
| Dumped imports as a % of total imports: |               |               |               |                      |                                 |
| Indonesia                               | -             | -             | -             | -                    | 25.31%                          |
| Thailand                                | -             | -             | -             | -                    | 27.36%                          |
| Other imports as a % of total imports:  |               |               |               |                      |                                 |
| Other countries                         | 100%          | 100%          | 100%          | 100%                 | 47.33%                          |

## 5.2.2 Effect on Domestic Prices

### Price undercutting

Price undercutting is the extent to which the price of the imported product is lower than the price of the SACU product.

| (R/square meter)<br>Consolidated | 2010 | 2011 | 2012 | Jan - Aug 2013 | Estimate if duty expires |
|----------------------------------|------|------|------|----------------|--------------------------|
| ex-factory selling price         | 100  | 101  | 115  | 111            | 95                       |
| Other SACU producers             | 100  | 106  | 109  | 110            | 94                       |
| Average SACU R/square metre      | 100  | 103  | 112  | 110            | 94                       |
| Landed cost of imports from      |      |      |      |                |                          |
| - Indonesia                      | 100  | 100  | 100  | 100            | 21                       |
| -Thailand                        | 100  | 100  | 100  | 100            | 15                       |
| Undercutting per unit            |      |      |      |                |                          |
| - Indonesia                      | 100  | 152  | 277  | 254            | 277                      |
| -Thailand                        | 100  | 100  | 100  | 100            | 11                       |
| Undercutting %                   |      |      |      |                |                          |
| - Indonesia                      | 100  | 146  | 247  | 230            | 294                      |
| -Thailand                        | 100  | 97   | 89   | 91             | 12                       |

*\*The table was indexed using 2010 as the base year*

As no information was available to determine the landed cost for the period 2010 -2012, the landed cost for the period Jan – Aug 2013 was also used for the period 2010 – 2012.

The Applicant based its estimate after taking into consideration prevailing market conditions in the SACU and previous experience on the impact of dumped imports from Indonesia and Thailand. It is estimated that the SACU prices will decrease with 100 index points should the duty expire as most common boards (9 and 12.5 mm) will be at least 100 index points cheaper than the Applicant's market price, resulting in increased pressure on prices.

## Price depression

Price depression occurs when the domestic industry experiences a decrease in its selling prices over time.

The table below shows the SACU industry's domestic selling prices:

### January – December:

| (R/square meter)          | 2010 | 2011 | 2012 | Jan-Aug 2013 | Estimate if duty expires |
|---------------------------|------|------|------|--------------|--------------------------|
| ex-factory price per unit |      |      |      |              |                          |
| 6.4mm                     | 100  | 100  | 103  | 107          | 91                       |
| 9.5mm                     | 100  | 104  | 106  | 104          | 89                       |
| 12.5mm                    | 100  | 97   | 103  | 106          | 90                       |
| Other sizes               | 100  | 103  | 144  | 126          | 107                      |
| Consolidated              | 100  | 101  | 115  | 111          | 95                       |

*\*The table was indexed using 2010 as the base year*

### January – August:

| (R/square meter)               | Jan - Aug 2010 | Jan - Aug 2011 | Jan - Aug 2012 | Jan-Aug 2013 |
|--------------------------------|----------------|----------------|----------------|--------------|
| Your ex-factory price per unit |                |                |                |              |
| 6.4mm                          | 100            | 98             | 100            | 105          |
| 9.5mm                          | 100            | 93             | 101            | 103          |
| 12.5mm                         | 100            | 94             | 100            | 104          |
| Other sizes                    | 100            | 99             | 135            | 118          |
| Consolidated                   | 100            | 96             | 110            | 108          |

*\*The table was indexed using 2010 as the base year*

The Applicant stated that it based its estimate after taking into consideration prevailing market conditions in the SACU and previous experience on the impact of dumped imports from Indonesia and Thailand. If the anti-dumping duty expires and there is a recurrence in imports from Indonesia and Thailand, the Applicant will have no option but to decrease prices close to the cost of production levels in order to increase market share. The Applicant estimated

that the SACU prices will decrease with 100 index points should the duty expire.

### **Price suppression**

Price suppression is the extent to which increases in the cost of production of the product concerned, cannot be recovered in the selling prices. To determine price suppression, a comparison is made between the percentage increase in cost and the percentage increase in selling price (if any), and whether or not the selling prices have increased by at least the same margin at which the cost of production increased.

The following table shows the Applicant's average costs of production and its actual selling prices for the subject product:

#### **January – December:**

| <b>(R/square meter)</b>                 | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>Jan-Aug 2013</b> | <b>Estimate if duty expires</b> |
|-----------------------------------------|-------------|-------------|-------------|---------------------|---------------------------------|
| Ex-factory price per unit               | 100         | 101         | 115         | 111                 | 95                              |
| Production cost per unit                | 100         | 114         | 136         | 124                 | 137                             |
| Gross profit per unit                   | 100         | 79          | 79          | 89                  | 20                              |
| Gross profit%                           | 100         | 78          | 68          | 79                  | 21                              |
| Production cost as a % of selling price | 100         | 113         | 118         | 112                 | 144                             |

*\*The table was indexed using 2010 as the base year*

**January – August:**

| <b>Consolidated</b>                        |                               |                               |                               |                              |
|--------------------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|
| <b>(R/square meter)</b>                    | <b>Jan -<br/>Aug<br/>2010</b> | <b>Jan -<br/>Aug<br/>2011</b> | <b>Jan -<br/>Aug<br/>2012</b> | <b>Jan-<br/>Aug<br/>2013</b> |
| Ex-factory price per unit                  | 100                           | 96                            | 110                           | 108                          |
| Production cost per unit                   | 100                           | 113                           | 136                           | 124                          |
| Gross profit per unit                      | 100                           | 67                            | 69                            | 82                           |
| Gross profit%                              | 100                           | 70                            | 62                            | 184                          |
| Production cost as a % of<br>selling price | 100                           | 118                           | 123                           | 115                          |

*\*The table was indexed using 2010 as the base year*

The table above indicates that the selling prices did not increase by at least the same margin as the cost and therefore the SACU industry experienced price suppression.

The Applicant stated that his selling price for the product concerned increased slightly over the period in line with the increase in the cost of production. It was stated that the increase in the cost of production for the product concerned needs to be assessed when this injury indicator is taken into consideration. The Applicant's profit margin decreased and it is expected to decrease further should imports from Thailand and Indonesia re-enter the SACU market.

**5.2.3 Consequent impact of the dumped imports on the industry**

**5.2.3.1 Actual and potential decline in sales**

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

**January – December:**

| Square Meters                           | 2010 | 2011 | 2012 | Jan-Aug 2013 | Estimate if duty expires |
|-----------------------------------------|------|------|------|--------------|--------------------------|
| Sales volume                            | 100  | 96   | 96   | 65           | 76                       |
| Sales by other SACU producers - Lafarge | 100  | 110  | 112  | 81           | 94                       |

*\*The table was indexed using 2010 as the base year*

**January – August:**

| Consolidated                            |                |                |                |                |
|-----------------------------------------|----------------|----------------|----------------|----------------|
| Square Meters                           | Jan - Aug 2010 | Jan - Aug 2011 | Jan - Aug 2012 | Jan - Aug 2013 |
| Sales volume                            | 100            | 91             | 93             | 98             |
| Sales by other SACU producers - Lafarge | 100            | 108            | 111            | 126            |

*\*The table was indexed using 2010 as the base year*

The Applicant stated that it is estimated that imports will increase by 4,415,164 square meters (38,500,000 kg's) and therefore it follows that sales volume will decrease with at least this amount. It is estimated that sales volume in the SACU would decrease by 100 index points should the duty expire.

#### **5.2.3.2 Profit**

The following table shows the Applicant's profit margins

**January – December:**

|                            | 2010 | 2011 | 2012 | Jan-Aug 2013 | Estimate if duty expires |
|----------------------------|------|------|------|--------------|--------------------------|
| Units sold - square meters | 100  | 96   | 96   | 65           | 76                       |
| Your total gross profit    | 100  | 78   | 70   | 60           | 30                       |
| Your total net profit      | 100  | 64   | 6    | 40           | 11                       |

*\*The table was indexed using 2010 as the base year*

**January – August:**

|                                       | Jan - Aug<br>2010 | Jan - Aug<br>2011 | Jan - Aug 2012 | Jan- Aug<br>2013 |
|---------------------------------------|-------------------|-------------------|----------------|------------------|
| Units sold - square meters<br>("000") | 100               | 91                | 93             | 98               |
| Total gross profit                    | 100               | 69                | 60             | 83               |
| Total net profit                      | 100               | (46)              | (12)           | 41               |

*\*The table was indexed using 2010 as the base year*

The Applicant stated that its sales have decreased consistently year-on-year as illustrated in the table above which has had an adverse impact on the Applicant's market share. Should the anti-dumping duty expire, the Applicant expects its sales will decline even further as the SACU market will be open to dumped imports from both Thailand and Indonesia as this has been a common trade practice by these countries not only in the SACU but globally as well.

**5.2.3.3 Output**

The following table outlines the Applicant's domestic production volume of the subject product:

**January – December:**

| Volume - Square meters                       | 2010 | 2011 | 2012 | Jan- Aug<br>2013 | Estimate if<br>duty expires |
|----------------------------------------------|------|------|------|------------------|-----------------------------|
| Total production of the<br>product concerned | 100  | 103  | 99   | 66               | 79                          |
| Other SACU producers'<br>production          |      |      |      |                  |                             |
| - Lafarge                                    | 100  | 110  | 112  | 81               | 58                          |

*\*The table was indexed using 2010 as the base year*

**January – August:**

| Volume - Square meters                    | Jan - Aug<br>2010 | Jan - Aug<br>2011 | Jan - Aug<br>2012 | Jan- Aug<br>2013 |
|-------------------------------------------|-------------------|-------------------|-------------------|------------------|
| Total production of the product concerned | 100               | 91                | 93                | 96               |
| Other SACU producers' production          |                   |                   |                   |                  |
| - Lafarge                                 | 100               | 108               | 111               | 126              |

*\*The table was indexed using 2010 as the base year*

The Applicant based its estimate on experience taking into consideration prevailing market conditions in the SACU and previous experience on the impact of dumped imports from Indonesia and Thailand. The Applicant stated that if the anti-dumping duty expires and there is a recurrence in imports from Indonesia and Thailand, the Applicant would have no option but to decrease prices close to the cost of production levels in order to increase market share.

#### **5.2.3.4 Market share**

The following table shows the market share for the subject product:

**January – December:**

| Square meters                  | 2010 | 2011 | 2012 | Jan-<br>Aug<br>2013 | Estimate<br>if duty<br>expires |
|--------------------------------|------|------|------|---------------------|--------------------------------|
| Market share in volume (unit): |      |      |      |                     |                                |
| Applicant                      | 100  | 96   | 96   | 65                  | 76                             |
| Other SACU producers           | 100  | 110  | 112  | 81                  | 94                             |
| Alleged dumped imports         | -    | -    | -    | -                   | 100                            |
| Other imports                  | 100  | 219  | 307  | 202                 | 378                            |
| Total SACU market              | 100  | 105  | 109  | 75                  | 109                            |
| Percentage share held by:      |      |      |      |                     |                                |
| Applicant                      | 100  | 91   | 88   | 86                  | 70                             |
| Other SACU producers           | 100  | 105  | 103  | 109                 | 86                             |
| Alleged dumped imports         | -    | -    | -    | -                   | 100                            |
| Other imports                  | 100  | 209  | 281  | 270                 | 311                            |

*\*The table was indexed using 2010 as the base year*

**January – August:**

| <b>Square meters</b>              | <b>Jan -<br/>Aug<br/>2010</b> | <b>Jan -<br/>Aug<br/>2011</b> | <b>Jan -<br/>Aug<br/>2012</b> | <b>Jan-<br/>Aug<br/>2013</b> |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|
| Market share in volume<br>(unit): |                               |                               |                               |                              |
| Applicant                         | 100                           | 91                            | 93                            | 98                           |
| Other SACU producers              | 100                           | 108                           | 111                           | 126                          |
| Alleged dumped imports            | -                             | -                             | -                             | -                            |
| Other imports                     | 100                           | 223                           | 390                           | 406                          |
| Total SACU market                 | 100                           | 100                           | 107                           | 115                          |
| Percentage share held by:         |                               |                               |                               |                              |
| Applicant                         | 100                           | 91                            | 86                            | 85                           |
| Other SACU producers              | 100                           | 108                           | 103                           | 109                          |
| Alleged dumped imports            | -                             | -                             | -                             | -                            |
| Other imports                     | 100                           | 223                           | 364                           | 352                          |

*\*The table was indexed using 2010 as the base year*

**January – December:**

| <b>Rand</b>                      | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>Jan-<br/>Aug<br/>2013</b> | <b>Estimate<br/>if duty<br/>expires</b> |
|----------------------------------|-------------|-------------|-------------|------------------------------|-----------------------------------------|
| Market share in value<br>(Rand): |             |             |             |                              |                                         |
| Applicant                        | 100         | 95          | 99          | 69                           | 69                                      |
| Other SACU producers             | 100         | 112         | 116         | 87                           | 87                                      |
| Alleged dumped imports           | -           | -           | -           | -                            | 100                                     |
| Other imports                    | 100         | 199         | 269         | 216                          | 297                                     |
| Total SACU market                | 100         | 102         | 108         | 78                           | 87                                      |
| Percentage share held<br>by:     |             |             |             |                              |                                         |
| Applicant                        | 100         | 93          | 91          | 89                           | 79                                      |
| Other SACU producers             | 100         | 110         | 107         | 111                          | 100                                     |
| Alleged dumped imports           | -           | -           | -           | -                            | 100                                     |
| Other imports                    | 100         | 195         | 248         | 277                          | 341                                     |

*\*The table was indexed using 2010 as the base year*

**January – August:**

| <b>Rand</b>                      | <b>Jan -<br/>Aug<br/>2010</b> | <b>Jan -<br/>Aug<br/>2011</b> | <b>Jan -<br/>Aug<br/>2012</b> | <b>Jan-<br/>Aug<br/>2013</b> |
|----------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|
| Market share in value<br>(Rand): |                               |                               |                               |                              |
| Applicant                        | 100                           | 88                            | 93                            | 103                          |
| Other SACU producers             | 100                           | 139                           | 149                           | 133                          |
| Alleged dumped<br>imports        | -                             | -                             | -                             | -                            |
| Other imports                    | 100                           | 238                           | 288                           | 418                          |
| Total SACU market                | 100                           | 105                           | 112                           | 117                          |
| Percentage share held<br>by:     |                               |                               |                               |                              |
| Applicant                        | 100                           | 84                            | 83                            | 87                           |
| Other SACU producers             | 100                           | 133                           | 133                           | 113                          |
| Alleged dumped<br>imports        | -                             | -                             | -                             | -                            |
| Other imports                    | 100                           | 227                           | 257                           | 356                          |

*\*The table was indexed using 2010 as the base year*

The Applicant based its estimate on experience taking into consideration prevailing market conditions in the SACU and previous experience on the impact of dumped imports from Indonesia and Thailand. It is estimated that the same import quantity estimates for Indonesia and Thailand would apply should the duties expires.

The Applicant stated that it is continuing to lose market share, and this will only exacerbate if the duty is withdrawn as it is clear from the estimate provided.

**5.2.3.5 Productivity**

Using the production and employment figures sourced from the Applicant, its productivity improvement in respect of the subject product was determined to be as follows:

**January – December:**

|                                                 | 2010 | 2011 | 2012 | Jan- Aug 2013 | Estimate if duty expires |
|-------------------------------------------------|------|------|------|---------------|--------------------------|
| Total production volume - square meters ("000") | 100  | 103  | 99   | 66            | 79                       |
| Number of employees (manufacturing only)        | 100  | 77   | 80   | 94            | 64                       |
| Square meters per employee                      | 100  | 134  | 124  | 70            | 124                      |

*\*The table was indexed using 2010 as the base year*

**January – August:**

|                                                 | Jan - Aug 2010 | Jan - Aug 2011 | Jan - Jul 2012 | Jan- Aug 2013 |
|-------------------------------------------------|----------------|----------------|----------------|---------------|
| Total production volume - square meters ("000") | 100            | 91             | 93             | 96            |
| Number of employees (manufacturing only)        | 100            | 77             | 80             | 94            |
| Square meters per employee                      | 100            | 118            | 117            | 102           |

*\*The table was indexed using 2010 as the base year*

The Applicant based its estimate on experience taking into consideration prevailing market conditions in the SACU and previous experience on the impact of dumped imports from Indonesia and Thailand. It was stated that should there be a recurrence of dumped imports from Indonesia and Thailand if the duty expires then the Applicant's production volume would decrease accordingly. The Applicant's sales volume will have a direct impact on production, which would decrease by at least that much as output mainly equals sales volumes to maintain stock volumes consistent from one year to the next.

The total production volume of the Applicant has decreased from 2010; consequently the number of employees involved in the manufacturing of the product has also decreased. It was stated that these job losses have not only impacted the employees themselves but their dependants as well.

### 5.2.3.6

### Return on investment

Return on investment is normally regarded by the Commission as being the profit before interest and tax as a percentage of the net value of assets.

The following table provides the Applicant's return on total net assets:

#### January – December:

| Rand                            | 2010 | 2011 | 2013 | Jan-Aug 2013 | Estimate if duty expires |
|---------------------------------|------|------|------|--------------|--------------------------|
| <b>Net profit</b>               |      |      |      |              |                          |
| (product concerned)             | 100  | 64   | 6    | 40           | 5                        |
| Total net profit (all products) | 100  | 52   | (15) | 15           | (15)                     |
| <b>Net assets</b>               |      |      |      |              |                          |
| (product concerned)             | 100  | 97   | 95   | 78           | 95                       |
| Total net assets (total)        | 100  | 105  | 103  | 78           | 103                      |
| <b>Return on net assets</b>     |      |      |      |              |                          |
| (product)                       | 100  | 66   | 6    | 51           | 5                        |
| Return on net assets (total)    | 100  | 50   | (15) | 19           | (15)                     |

*\*The table was indexed using 2010 as the base year*

#### January – August:

| Rand                            | Jan - Aug 2010 | Jan - Aug 2011 | Jan - Aug 2012 | Jan-Aug 2013 |
|---------------------------------|----------------|----------------|----------------|--------------|
| <b>Net profit</b>               |                |                |                |              |
| (product concerned)             | 100            | (46)           | (12)           | 41           |
| Total net profit (all products) | 100            | 0              | (12)           | 19           |
| <b>Net assets</b>               |                |                |                |              |
| (product concerned)             | 100            | 93             | 88             | 93           |
| Total net assets (total)        | 100            | 105            | 103            | 78           |
| <b>Return on net assets</b>     |                |                |                |              |
| (product)                       | 100            | (49)           | (13)           | 44           |
| Return on net assets (total)    | 100            | 0              | (12)           | 24           |

*\*The table was indexed using 2010 as the base year*

The Applicant based its estimate on experience taking into consideration prevailing market conditions in the SACU and previous experience on the impact of dumped imports from Indonesia and Thailand. Should there be a recurrence of dumped imports from Indonesia and Thailand if the duty expires, a decrease in gross profit as a result of a decrease in sales volume is expected, and the Applicant estimated that net profits for the product under investigation would decrease.

#### 5.2.3.7 Utilisation of production capacity

The following table provides the Applicant's production capacity and actual production for the subject product:

##### January – December:

| R 000                               | 2010 | 2011 | 2012 | Jan-Aug 2013 | Estimate if duty expires |
|-------------------------------------|------|------|------|--------------|--------------------------|
| Capacity - square metres            | 100  | 98   | 106  | 62           | 106                      |
| Actual production - sqm             | 100  | 103  | 99   | 66           | 79                       |
| Capacity utilisation %              | 100  | 105  | 93   | 106          | 74                       |
| Rest of SACU capacity - sqm         | 100  | 127  | 127  | 84           | 127                      |
| Rest of SACU production - sqm       | 100  | 110  | 112  | 81           | 82                       |
| Rest of SACU capacity utilisation % | 100  | 87   | 89   | 97           | 65                       |

*\*The table was indexed using 2010 as the base year*

##### January – August:

| R 000                               | Jan - Aug 2010 | Jan - Aug 2011 | Jan - Aug 2012 | Jan-Aug 2013 |
|-------------------------------------|----------------|----------------|----------------|--------------|
| Capacity - square metres            | 100            | 98             | 106            | 93           |
| Actual production - sqm             | 100            | 91             | 93             | 96           |
| Capacity utilisation %              | 100            | 93             | 88             | 103          |
| Rest of SACU capacity - sqm         | 100            | 127            | 127            | 127          |
| Rest of SACU production - sqm       | 100            | 108            | 111            | 126          |
| Rest of SACU capacity utilisation % | 100            | 85             | 87             | 100          |

*\*The table was indexed using 2010 as the base year*

The Applicant has based its estimate on experience taking into consideration prevailing market conditions in the SACU and previous experience on the impact of dumped imports from Indonesia and Thailand.

The Applicant estimated that owing to significant price undercutting imports would increase by at least 2.1 million square meters from Indonesia and 2.3 million square meters from Thailand as a result of the expiry of the anti-dumping duties. This will have a direct impact on the Applicant's production, which will decrease by at least that much as output mainly equals to sales volumes to maintain stock volumes consistent from one year to the next.

#### **5.2.3.8 Factors affecting domestic prices**

There are no other known factors that could affect the domestic prices negatively.

#### **5.2.3.9 The magnitude of the margin of dumping**

The following dumping margins were calculated:

| <b>Tariff heading</b> | <b>Product</b>                                                                                                           | <b>Country</b> | <b>Rate of anti-dumping duty per kilogram</b> |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------|
| 6829.11               | Boards, sheets, panels, tiles and similar articles, not ornamented:<br>Faced or reinforced with paper or paperboard only | Thailand       | 98.0%                                         |
| 6829.11               | Boards, sheets, panels, tiles and similar articles, not ornamented:<br>Faced or reinforced with paper or paperboard only | Indonesia      | 22.6%                                         |

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

The following table reflects the SACU industry's cash flow situation:

#### January – December:

|                         | 2010 | 2011 | 2012 | Jan-Aug 2013 | Estimate if the duty expires |
|-------------------------|------|------|------|--------------|------------------------------|
| <b>Product specific</b> |      |      |      |              |                              |
| Cash flow: incoming     | 100  | 57   | 63   | 63           | 51                           |
| Cash flow: outgoing     | 100  | 310  | 300  | 499          | 330                          |
| Net cash flow           | 100  | 8    | 17   | (22)         | (4)                          |
| <b>Company</b>          |      |      |      |              |                              |
| Cash flow: incoming     | 100  | 58   | 65   | 69           | 52                           |
| Cash flow: outgoing     | 100  | 316  | 306  | 541          | 336                          |
| Net cash flow           | 100  | 8    | 17   | (24)         | (4)                          |

*\*The table was indexed using 2010 as the base year*

#### January – August:

|                         | Jan - Aug 2010 | Jan - Aug 2011 | Jan - Aug 2012 | Jan-Aug 2013 |
|-------------------------|----------------|----------------|----------------|--------------|
| <b>Product specific</b> |                |                |                |              |
| Cash flow: incoming     | 100            | 53             | 25             | 72           |
| Cash flow: outgoing     | 100            | 247            | 208            | 649          |
| Net cash flow           | 100            | 20             | (6)            | (24)         |
| <b>Company</b>          |                |                |                |              |
| Cash flow: incoming     | 100            | 51             | 10             | 86           |
| Cash flow: outgoing     | 100            | 141            | 107            | 235          |
| Net cash flow           | 100            | (30)           | (76)           | (47)         |

*\*The table was indexed using 2010 as the base year*

The Applicant indicated that its cash flow regarding the specific products has not been impeded because of the alleged dumped imports, as the countries of origin, namely Thailand and Indonesia have not exported the product under investigation into the SACU during the above-stated period. It was stated that it must be borne in mind that these countries have a long history of dumping. In a previous sunset review of the anti-dumping duties on the same product originating in or imported from the same country the Commission made a final determination that the expiry of the duties would likely lead to a recurrence of dumping, taking into consideration that notwithstanding the existence of the

duties of the current anti-dumping duties, exports from the countries continued to infiltrate the SACU market.

In light of the factors outlined above, it is likely that once the duties expire and these countries gain access to the SACU market, the subject product which would be dumped and cause material injury to the industry. The Applicant indicated that the impact the recurrence in dumped imports from Indonesia and Thailand would have on the Applicant's cash flow is clearly evident.

#### 5.2.3.11 Inventories

The following table provides the SACU industry's inventories for the subject product:

##### January – December:

| Consolidated | 2010 | 2011 | 2012 | Jan- Aug 2013 | Estimate if the duty expires |
|--------------|------|------|------|---------------|------------------------------|
| Volume - Sqm | 100  | 130  | 94   | 116           | 75                           |
| Value - Rand | 100  | 130  | 102  | 122           | 81                           |

*\*The table was indexed using 2010 as the base year*

##### January – August:

| Consolidated | Jan - Aug 2010 | Jan - Aug 2011 | Jan - Aug 2012 | Jan- Aug 2013 |
|--------------|----------------|----------------|----------------|---------------|
| Volume - Sqm | 100            | 86             | 102            | 86            |
| Value - Rand | 100            | 78             | 100            | 91            |

*\*The table was indexed using 2010 as the base year*

The Applicant has based its estimate on experience taking into consideration prevailing market conditions in the SACU and previous experience on the impact of dumped imports from Indonesia and Thailand.

It estimated that, owing to significant price undercutting, imports would increase by at least R4.4 million square meters as a result of the expiry of the

anti-dumping duties. This will have a direct impact on the Applicant's sales volume and production, which would decrease by at least that much as output mainly equals sales volumes to maintain stock volumes consistent from one year to the next. Therefore as sales would decrease and production will decrease with the same percentage it follows that inventory would decrease.

The Applicant submits there will be a negative impact on cash flow through a loss of revenue and through the cost of carrying unsold inventory. It is clear that substantial volumes would remain unsold with high carrying costs, should the current upward trend continue and the duties on Indonesia and Thailand expire.

#### 5.3.3.12 Employment

The following table shows the Applicant's employment level:

**January – December:**

|                                                                 | 2010 | 2011 | 2012 | Jan-Aug 2013 | Estimate if the duty expires |
|-----------------------------------------------------------------|------|------|------|--------------|------------------------------|
| Units: Production                                               | 100  | 103  | 99   | 66           | 79                           |
| Indirect labour units: production                               | 100  | 81   | 117  | 114          | 72                           |
| Direct labour units: production                                 | 100  | 75   | 60   | 83           | 53                           |
| Labour units: Selling and Administrative                        | 100  | 84   | 79   | 79           | 79                           |
| <b>Rest of SACU - Lafarge</b>                                   |      |      |      |              |                              |
| Per square meter: Production (all products under investigation) | 100  | 110  | 112  | 81           | 69                           |
| Indirect labour units: production                               | 100  | 100  | 100  | 100          | 100                          |
| Direct labour units: production                                 | 100  | 73   | 73   | 70           | 67                           |
| Labour units: Selling and Administrative                        | 100  | 100  | 100  | 100          | 85                           |

*\*The table was indexed using 2010 as the base year*

**January – August:**

|                                                                       | Jan - Aug<br>2010 | Jan - Aug<br>2011 | Jan – Aug<br>2012 | Jan- Aug<br>2013 |
|-----------------------------------------------------------------------|-------------------|-------------------|-------------------|------------------|
| Units: Production                                                     | 100               | 91                | 93                | 96               |
| Indirect labour units:<br>production                                  | 100               | 81                | 117               | 114              |
| Direct labour units:<br>production                                    | 100               | 75                | 60                | 83               |
| Labour units: Selling and<br>Administrative                           | 100               | 84                | 79                | 79               |
| <b>Rest of SACU - Lafarge</b>                                         |                   |                   |                   |                  |
| Per square meter:<br>Production (all products<br>under investigation) | 100               | 108               | 111               | 126              |
| Indirect labour units:<br>production                                  | 100               | 100               | 100               | 100              |
| Direct labour units:<br>production                                    | 100               | 73                | 73                | 70               |
| Labour units: Selling and<br>Administrative                           | 100               | 100               | 100               | 100              |

*\*The table was indexed using 2010 as the base year*

The Applicant has based its estimate on experience taking into consideration prevailing market conditions in the SACU and previous experience on the impact of dumped imports from Indonesia and Thailand. The applicant estimates the decrease in production, should the duty expiry, as 100 index points.

It estimated that, owing to significant price undercutting, imports would increase by at least 4.4 million square meters as a result of the expiry of the anti-dumping duties. This would have a direct impact on the Applicant's sales volume and production, which would decrease by at least that much. The Applicant's total production of the subject product has declined steadily since 2010. The labour units have also decreased in the same manner since 2010.

The Applicant stated that if the duty expires, it may have to resort to various measures such as decreasing its production volume even further which will have a direct impact on the number of people employed at its operations. The likelihood of this occurring is compounded by the fact that, previously, when duties were imposed on the countries of origin, the counties in question continued to dump

the product under investigation which led to ITAC making a final determination that the expiry of the duties at the time would likely lead to a recurrence of dumping.

### 5.2.3.13 Wages

The following table provides the SACU industry's wages:

#### January – December:

| Rand value per year     | 2010 | 2011 | 2012 | Jan- Aug 2013 | Estimate if duty expires |
|-------------------------|------|------|------|---------------|--------------------------|
| Total wages: Production | 100  | 99   | 123  | 74            | 92                       |
| Wages per employee      | 100  | 129  | 154  | 127           | 154                      |

*\*The table was indexed using 2010 as the base year*

#### January – August:

| Rand value per year     | Jan - Aug 2010 | Jan - Aug 2011 | Jan - Aug 2012 | Jan - Aug 2013 |
|-------------------------|----------------|----------------|----------------|----------------|
| Total wages: Production | 100            | 112            | 126            | 164            |
| Wages per employee      | 100            | 138            | 148            | 189            |

*\*The table was indexed using 2010 as the base year*

The Applicant estimated that wages per employee would remain the same as for 2012 and therefore the estimated total wage was calculated by multiplying the estimated wage per employee by the estimated employees. In addition to the decrease in labour units, retrenching labour is a long and expensive process and many of the labour units would be absorbed into the Applicants plant. As a result, while labour units would decrease, expenses such a severance packages would have the effect of raising labour cost and at the same time, productivity would decrease. Therefore, this indicator is indicative that the Applicant would suffer material injury, should the duty expire.

### 5.2.3.14 Growth

The Applicant provided the following information with regard to the growth of the market:

#### January – December:

|                                               | 2010 | 2011 | 2012 | Jan- Aug 2013 | Estimate if duty expires |
|-----------------------------------------------|------|------|------|---------------|--------------------------|
| <b>Size of the SACU market</b>                | 100  | 105  | 109  | 75            | 93                       |
| % growth from previous year                   |      | 100  | 88   | (655)         | -                        |
| Sales volume - sqm                            | 100  | 96   | 96   | 65            | 76                       |
| Growth %                                      |      | 100  | 2    | 749           | -                        |
| Rest of SACU producers volume - Lafarge - sqm | 100  | 110  | 112  | 81            | 94                       |
| Rest of SACU growth %                         |      | 100  | 20   | (270)         | -                        |
| Alleged dumped imports (qty) - sqm            | -    | -    | -    | -             | 100                      |
| Alleged dumped imports growth %               |      | -    | -    | -             |                          |
| Other imports (qty) - sqm                     | 100  | 219  | 307  | 202           | 339                      |
| Other imports growth %                        |      | 100  | 34   | (29           | -                        |

*\*The table was indexed using 2010 as the base year*

#### January – August:

|                                               | Jan - Aug 2010 | Jan - Aug 2011 | Jan - Aug 2012 | Jan - Aug 2013 |
|-----------------------------------------------|----------------|----------------|----------------|----------------|
| <b>Size of the SACU market</b>                | 100            | 100            | 107            | 115            |
| % growth from previous year                   |                | 100            | (8,335)        | (8,283)        |
| Sales volume - square meters                  | 100            | 91             | 93             | 98             |
| Growth %                                      |                | 100            | (19)           | (54)           |
| Rest of SACU producers volume - Lafarge - sqm | 100            | 108            | 111            | 126            |
| Rest of SACU growth %                         |                | 100            | 28             | 183            |
| Alleged dumped imports (qty) - sqm            | -              | -              | -              | -              |
| Alleged dumped imports growth %               |                | -              | -              | -              |
| Other imports (qty) - sqm                     | 100            | 223            | 390            | 406            |
| Other imports growth %                        |                | 100            | 62             | 3              |

*\*The table was indexed using 2010 as the base year*

The Applicant indicated that growth in the market is not inhibited by the alleged dumped imports from Thailand or Indonesia as neither of them have exported the product to the SACU during the period stated above. The expiry of the duties will open the SACU market to dumped imports from the above-mentioned countries as has been the case previously.

#### 5.3.3.15 Ability to raise capital or investments

The Applicant provided the following information with regard to the raise of capital or investment:

##### January – December:

| R'000s                                             | 2010 | 2011 | 2012 | Jan- Aug 2013 | Estimate if duty expires |
|----------------------------------------------------|------|------|------|---------------|--------------------------|
| Total capital/ investment in subject product       | 100  | 82   | 97   | 87            | 97                       |
| Capital expenditure during year on subject product | 100  | 228  | 361  | 481           |                          |

*\*The table was indexed using 2010 as the base year*

##### January – August:

| R'000s                                             | Jan - Aug 2010 | Jan - Aug 2011 | Jan - Aug 2012 | Jan- Aug 2013 | Jan - Aug 2010 |
|----------------------------------------------------|----------------|----------------|----------------|---------------|----------------|
| Total capital/ investment in subject product       | 100            | 91             | 76             | 152           | 100            |
| Capital expenditure during year on subject product | 100            | 90             | 73             | 141           | 100            |

*\*The table was indexed using 2010 as the base year*

The Applicant stated that due to the fact that the Applicant is not operating at its optimal production capacity, it is unable to raise capital. The Applicant's ability to raise capital is not inhibited by the alleged imports as neither Thailand nor Indonesia is currently dumping the product under investigation into the SACU.

However, the Applicant's inability to raise capital would be exacerbated should the duty expire as the SACU market would be open for the above-mentioned countries to dump their products.

#### **5.4 CONCLUSION – CONTINUATION OR RECURRENCE OF MATERIAL INJURY**

The Commission made a final determination that the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of material injury.

## **6. SUMMARY OF FINDINGS**

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### **6.1 Continuation or recurrence of dumping**

The Commission made a final determination that the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of dumping of the subject products originating in or imported from Thailand and Indonesia.

### **6.2 Continuation or recurrence of material injury**

The Commission made a final determination that the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of material injury of the subject products originating in or imported from Thailand and Indonesia.

## 7. DETERMINATION

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The Commission made a final determination that:

- the expiry of the duties would likely lead to the continuation or recurrence of dumping; and
- the expiry of the duties would likely lead to the continuation or recurrence of material injury

The Commission therefore decided to recommend to the Minister of Trade and Industry that the anti-dumping duties be maintained as follows:

| Tariff heading | Product                                                                                                                  | Country   | Rate of anti-dumping duty per kilogram |
|----------------|--------------------------------------------------------------------------------------------------------------------------|-----------|----------------------------------------|
| 6829.11        | Boards, sheets, panels, tiles and similar articles, not ornamented:<br>Faced or reinforced with paper or paperboard only | Thailand  | 45%                                    |
| 6829.11        | Boards, sheets, panels, tiles and similar articles, not ornamented:<br>Faced or reinforced with paper or paperboard only | Indonesia | 34.6%                                  |