

REPORT NO. 779

INVESTIGATION INTO THE ALLEGED DUMPING OF TUBES AND PIPES HAVING CIRCULAR CROSS-SECTIONS, WITH AN EXTERNAL DIAMETER WHICH EXCEEDS 406,4MM, OF IRON OR STEEL (EXCLUDING LONGITUDINALLY SUBMERGED ACR WELDED AND LONGITUDINALLY WELDED PIPES), ORIGINATING IN OR IMPORTED FROM THE REPUBLIC OF MOZAMBIQUE: PRELIMINARY SUBMISSION

The International Trade Administration Commission of South Africa herewith presents its **Report No. 779: INVESTIGATION INTO THE ALLEGED DUMPING OF TUBES AND PIPES HAVING CIRCULAR CROSS-SECTIONS, WITH AN EXTERNAL DIAMETER WHICH EXCEEDS 406,4MM, OF IRON OR STEEL (EXCLUDING LONGITUDINALLY SUBMERGED ACR WELDED AND LONGITUDINALLY WELDED PIPES), ORIGINATING IN OR IMPORTED FROM THE REPUBLIC OF MOZAMBIQUE: PRELIMINARY SUBMISSION**



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INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

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SYNOPSIS

Hall Longmore Holdings (Proprietary) Limited ("the Applicant") submitted an application to the International Trade Administration Commission of South Africa ("the Commission") to investigate the alleged dumping in the Southern African Customs Union ("SACU") of tubes and pipes commonly referred to as Electric Resistance Welded Pipes ("ERW") and Spiral Welded Pipes ("Submerged Arc Welded Pipes or SAW"), excluding longitudinally submerged ACR welded and longitudinally welded pipes ("subject product"), originating in or imported from the Republic of Mozambique ("Mozambique"). The investigation was initiated through Notice No. 3568, published in *Government Gazette* No. 53574 on 24 October 2025.

The investigation was initiated after the Commission considered that the Applicant submitted *prima facie* information to indicate that the subject product was being imported at dumped prices and causing material injury and a threat of material injury to the SACU industry.

Upon initiation of the investigation, the known producers/exporters of the subject product in Mozambique were sent foreign manufacturers/exporters questionnaires to complete. Importers of the subject product were also sent questionnaires to complete.

The Commission took all comments received from interested parties into account in making its preliminary determination. All non-confidential submissions made by interested parties are contained in the Commission's public file for this investigation and are available for perusal. It should be noted that this report does not purport to deal with each and every comment received and considered by the Commission. However, some of the salient comments received from interested parties and the Commission's consideration of these comments are specifically included in this report.

After considering all interested parties' comments and verified information, the Commission made a preliminary determination that the subject product originating in or imported from Mozambique is being dumped onto the SACU market causing material injury and a threat of material injury to the SACU industry.

The Commission therefore decided to request the Commissioner for the South African Revenue Service ("SARS") to impose the following provisional measures on imports of the subject product for a period of 6 months:

Tariff subheading	Producers	Rate of provisional payments
HS 7305.19	ETG Steel Solutions, Limitada	28,86%
	All the other producers and exporters in Mozambique (excluding ETG Steel Solutions, Limitada)	28,86%

1 APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

This investigation is conducted in accordance with the International Trade Administration Act, 2002 (Act 71 of 2002) (“the ITA Act”) and the International Trade Administration Commission Anti-Dumping Regulations (“ADR”), read with the World Trade Organization (“WTO”) Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade, 1994 (“the Anti-Dumping Agreement”/“ADA”).

1.2 APPLICANT

The application was lodged by Hall Longmore Holdings (Proprietary) Limited, being the major producer of the subject product in the SACU.

1.3 ACCEPTANCE OF APPLICATION

The application was accepted by the Commission as being properly documented in accordance with ADR 21 on 29 September 2025.

1.4 ALLEGATIONS BY THE APPLICANT

The Applicant alleged that imports of the subject product, originating in or imported from Mozambique were being dumped on the SACU market, thereby causing material injury and a threat of material injury to the SACU industry. The basis of the alleged dumping was that the goods are being exported to SACU at prices less than the normal value in the country of origin.

The Applicant further alleged that as a result of the dumping of the subject product from Mozambique it was suffering material injury in the form of:

- Price suppression;
- Decline in market share;
- Decline in sales;
- Decline in profit;
- Decline in productivity;

- Negative growth;
- Negative return on investment;
- Extremely low rates of production capacity utilisation;
- Negative cash flow.

1.5 INVESTIGATION PROCESS

An application was submitted by the Applicant on 28 May 2025. The information submitted by the Applicant was verified on 12 June 2025. The verification report was sent to Applicant on 20 June 2025. A letter confirming that the application was properly documented was forwarded to the Applicant on 22 September 2025.

The Commission initiated an investigation into the alleged dumping of tubes and pipes classifiable under tariff subheading HS 7305.19, originating in or imported from Mozambique, pursuant to Notice No. 3568 of 2025, which was published in *Government Gazette* No. 53574 on 24 October 2025.

Prior to the initiation of the investigation, the trade representatives of the country concerned were notified of the Commission's intention to investigate in terms of ADR 27.1.

On 27 October 2026, all known interested parties were informed and requested to respond to the questionnaires and the non-confidential version of the application.

Comments by ETG Steel Solutions LDA and Capital Star Steel SA ("The exporters") to the Commission's initiation notice

The exporters expressed their objections to the initiation of the investigation, arguing that the Commission neglected its statutory and international obligations in considering and evaluating the application. They contended that the Commission also failed to follow the re-initiation procedures prior to initiating the investigation. Furthermore, the exporters asserted that the application does not demonstrate instances of dumping of the product in

question, nor does it show material injury to the local industry or establish a causal link between any alleged injury and the alleged dumping. They argued that there is no basis to justify the initiation of this investigation, asserting that there is no evidence of dumping or material injury as claimed by the Applicant.

The exporters indicated that the principles and obligations of ITAC related to anti-dumping investigations and measures are outlined in Article 1 of the Anti-Dumping Agreement, which states:

“An anti-dumping measure shall be applied only under the circumstances provided for in Article VI of GATT 1994 and pursuant to investigations initiated and conducted in accordance with the provisions of this Agreement”.

The exporters further pointed out that an investigation “initiated” as contemplated in footnote 1 of the ADA is defined to mean “the procedural action by which a member formally commences an investigation as provided in Article 5.” A Member in this context is ITAC. Article 5.1 of the ADA stipulates that an application for anti-dumping measures must be in writing and Article 5.2, determines that such an application “shall include evidence of (a) dumping, (b) injury within the meaning of Article VI of GATT 1994 as interpreted by this Agreement and (c) a causal link between the dumped imports and the alleged injury. Simple assertions, unsubstantiated by relevant evidence, cannot be considered sufficient to meet the requirements of this paragraph”. Article 5.3 of the ADA specifically states that “The authorities shall examine the accuracy and adequacy of the evidence provided in the application to determine whether there is sufficient evidence to justify the initiation of an investigation.”

As such, initiating the investigation was ill-conceived and it should be terminated to avoid further unnecessary waste of resources and perpetuating the administrative flaws. The exporters urged that the Commission’s failures

to follow proper procedures, coupled with a nonsensical refusal to grant an extension to the objectors to pursue remedies in this regard, forced the exporters to submit the objection (and related documentation) under undue pressure and although all attempts were made to address the pertinent issues, the exporters' rights to supplement these submissions (or institute proceedings to protect their rights) remain reserved and submission of these objections should not in any way or manner be considered to condone or accept that the Commission's failures and conduct.

Response by the Applicant

The Applicant disagreed with the exporters contention that the Commission erred in considering the application by it and the contention that the application does not provide prima facie evidence of dumping, material injury and causality. The Applicant wishes to advise the exporters that although the Commission gives due regard to the provisions of the WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade, 1994, the ADA does not form part of the South African domestic law. The legal basis for the Commission to conduct anti-dumping investigations is the ITA Act and the ADR.

The Applicant stated that it further disagrees with the allegations by the exporters that no prima facie information was submitted to justify the initiation of the investigation. The Applicant stated that the exporters seem to misinterpret the provisions of the ADR for purposes of initiation. It is clear what is required is "prima facie" information, the material injury information was verified prior to initiation, and not irrefutable proof, as is claimed by the exporters.

Commission's consideration

As stipulated in the Commission's initiation notice, the Commission received a properly documented application "alleging" that dumping is taking place, causing material injury to the SACU industry, and that a causal link exists between the dumped imports and the "alleged" injury. The Applicant submitted information which the Commission considered sufficient to meet the requirements for initiation in accordance with the ADR, the ITA Act and the ADA. Accordingly, prima facie evidence was found to exist, justifying the initiation of an investigation.

The Commission also notes that the injury information submitted by the Applicant was subject to verification in order to assess the accuracy and reliability of the data provided. Regarding dumping, the Applicant relied on the information reasonably available to it at the time of submission.

In terms of the ADR, the Commission is empowered to initiate an investigation on the basis of sufficient evidence reasonably available. However, such initiation does not imply that the Commission will necessarily rely on the Applicant's information for purposes of its final determination. Interested parties are afforded an opportunity to submit responses and defend their interests.

Following initiation, and for purposes of the preliminary determination, the Commission analyses the information submitted by exporters and importers on an individual basis. The Commission's findings are based on verified information, enabling it to determine whether dumping is taking place and whether such dumping is causing material injury to the SACU industry.

In this regard, ETG Steel Solutions LDA (“ESS”), Capital Star Steel SA (“CSSA”), as well as the relevant importers, submitted responses to the Commission. The Commission considered that there is evidence of dumping, such that ESS was found to be dumping. Additionally, there is a causal link between the dumped imports and the material injury, or threat of material injury, suffered by the SACU industry.

1.6 INVESTIGATION PERIODS

The investigation period for dumping is from 01 April 2024 to 31 March 2025. The injury investigation involves evaluation of data for the period 01 April 2022 to 31 March 2025.

In this report the following periods will apply:

01 April 2024 – 31 March 2025

01 April 2023 – 31 March 2024

01 April 2022 – 31 March 2023.

Comments by ETG Steel Solutions LDA and Capital Star Steel SA (“the exporters”) to the Commission’s initiation notice

The exporters stated that the 'investigation period for dumping' is defined in the ADR as the period for which it is assessed whether dumping took place. This period shall normally be 12 months, and may be more, but in no case less than 6 months, and shall normally be a period ending not more than 6 months before the initiation of the investigation. The investigation period for dumping shall be clearly indicated in the initiation notice published in the Government Gazette.

The exporters stated that the investigation period ends on 31 March 2025 and the ITAC notice was only gazetted on 24 October 2025. No explanation was provided on which basis the six-month window prescribed by the ADR was not adhered to and why this was not per se a bar to initiate the investigation. The Commission on this basis should not have initiated the investigation. The

exporters further asserted that the investigation period is mandatory as the investigation period must be sufficiently proximate to the time of initiation to ensure that the data and information gathered during the period remains relevant, representative, and probative of current market conditions. The aforesaid procedural defect may warrant a review and setting aside of the investigation and the objectors' rights are reserved in this regard.

Response by the Applicant

The Applicant responded, stating that although the exporters correctly quote the ADR with regard to the period of investigation for dumping, the exporters unfortunately misinterpreted the provision. The provision clearly indicates that the period of investigation for dumping shall “normally” be a period ending no longer than 6 months prior to initiation. In terms of law, this is clearly the best endeavors clause, and the exporters are incorrect in claiming that since the initiation took place 7 months after the period of investigation for dumping ended, this warrants the setting aside of the initiation of the investigation. The Commission was requested to ignore this incorrect notation.

Commission's consideration

The Commission considered that ADR 1 provides that the dumping investigation period is normally 12 months (not less than 6), ending within 6 months before initiation, while the injury investigation period normally covers three years plus the current financial year, but may be varied by the Commission if sufficient for a fair investigation. The information submitted by the Applicant is for the period 1 April 2024 to 31 March 2025. Although the information contained in the submission for the calculation of dumping was 7 months old at the time of initiation of the investigation, the Commission had discretion to accept this information for purposes of initiation.

The Commission further considered that on 2 July 2025, SARS was consulted on the administration of measures under tariff subheading 7305.19. The product description and classification were only finalized after verification of the Applicant's injury data. Requiring updated injury information it would have created unnecessary administrative delays, in addition to the fact that the dumping data was only one month outside the 6-month period at initiation. ADR 1 gives the Commission discretion to set a different injury investigation period, in line with the WTO Anti-Dumping Agreement.

This is therefore clearly an issue where the Commission has discretion and has chosen to use this discretion in a reasonable manner.

1.7 PARTIES CONCERNED

1.7.1 SACU industry

The SACU industry consists of two manufacturers of the subject product, the Applicant, Hall Longmore being the major producer of the subject product, and LB Pipes (Pty) Ltd ("LB Pipes").

1.7.2 Responses by Importers

The deadline to submit responses to the Commission's importer questionnaire was 3 December 2025. Extensions were requested and granted until 17 December 2025.

The following importers responded to the Commission's investigation:

- Capital Star Steel (Pty) Ltd ("CSS")
- Falcon Steel (Pty) ("Falcon")

On 17 December 2026, Falcon, an importer related to ESS, submitted a response. A deficiency letter was sent on 22 January 2026. An updated response addressing the deficiencies was received on 29 January 2026, but it was found to be deficient. The following deficiencies were identified:

- There was no specification of the unit of measurement for the volumes of imports;
- Copies of the documentation relevant to each shipment were not provided;
- The cost build-up was not provided in the format specified in the questionnaire and the unit of measurement was not specified;
- The importer was requested to provide the imports volumes in kg.

On 18 February 2026 Falcon was advised that the response was regarded as deficient, and that the Commission may decide not to take its information into consideration for purposes of the preliminary determination.

The Commission made a preliminary determination not to take the information submitted by Falcon's into account for purposes of its preliminary determination.

On 17 December 2026, CSS, an importer related to CSSA, submitted a response. A deficiency letter was sent on 22 January 2026. An updated response addressing the deficiencies was received on 29 January 2026, but it was found to be deficient. The following deficiencies were identified:

- The requested information of imports was not provided;
- The cost build-up was not provided; and
- Certain information in the response provided did not allow other interested parties to have a reasonable understanding of the information to be able to comment.

The importer explained why CSS did not provide the imports and the cost-build up information. It clarified that CSS did not import products for POI. Instead, it purchased the subject product in the SACU market and provided the Commission with the domestic sales.

The Commission made a preliminary determination to disregard the information submitted by CSS for the purposes of its preliminary determination.

1.7.3 Responses by exporters/manufacturers

The deadline to submit responses to the Commission's exporter questionnaire was 3 December 2025. Extensions were requested and granted until 17 December 2025.

The following exporters responded to the Commission's investigation:

- ETG Steel Solutions LDA ("ESS")
- Capital Star Steel SA ("CSSA")

On 17 December 2025, ESS the manufacture/exporter submitted its response to the Commission's exporter's questionnaire. A deficiency letter was sent on 22 January 2026. An updated response addressing the deficiencies was received on 29 January 2026, which was accepted as properly documented. Verification of ESS's information was done on 19 – 20 March 2026. A verification report was sent on 9 April 2026.

CSSA, the exporter, submitted a request for an extension. The request for the extension was denied because it was submitted after the prescribed deadline. On 17 December 2025, CSSA submitted its response to the Commission's exporter's questionnaire. A deficiency letter was sent on 22 January 2026. An updated response addressing the deficiencies was

received on 29 January 2026, which was accepted as properly documented. Verification of ESS's information was done on 19 – 20 March 2026. Verification reports was sent on 9 April 2026.

Comments by ETG Steel Solutions LDA and Capital Star Steel SA (“the Exporters”) to the Commission’s initiation notice

The exporters stated that a significant procedural flaw occurred because CSSA and CSS did not receive notice of the application, despite being the affected parties mentioned in it. There is no explanation for this oversight. The exporters further stated that the Applicant's claimed that they did not have the contact details for CSSA and CSS cannot be accurate. During and after the Period of Investigation (POI), the Applicant was in regular contact with personnel of CSSA.

The exporters argued that the Commission’s failure or refusal to ensure that CSSA and CSS, as specifically mentioned in the application received notification of the application and to verify the accuracy of the Applicant's assertions regarding the contact details of CSSA and CSS is a failure on its part. It further stated that failure to grant an extension to CSSA and CSS for a reasonable time after they became aware of the application is a direct violation of ITAC's statutory and international law obligations concerning the pre-initiation of the investigation. Being forced to submit these responses not only infringes on the rights of CSSA and CSS but also prejudices the parties in making their submissions. Their rights in this regard remain reserved.

Response by the Applicant

The Applicant responded, addressing the exporters’ allegations that the Commission made procedural errors in the notifying interested parties. The Applicant agreed with the Commission’s response indicating that the notification requirements were indeed met with notice sent to the Embassy of Mozambique on 27 October 2025. The Applicant further stated that the exporters claims of procedural unfairness due to the Commission’s denial of

a further extension, should also be disregarded, as the Commission acted within the provisions of the ADR.

Commission's consideration

The Commission considered that footnote 15 of the Agreement states that "as a general rule, the time-limit for exporters shall be counted from the date of receipt of the questionnaire, which for this purpose shall be deemed to have been received one week from the date on which it was sent to the respondent or transmitted to an appropriate diplomatic representative of the exporting Member or, in the case of a separate customs territory Member of the WTO, an official representative of the exporting territory". The Commission has adhered to the notification requirement, as the non-confidential application, along with the notice regarding the initiation of this investigation, was dispatched to the Embassy of the People's Republic of Mozambique on 27 October 2025, which was requested to promptly transmit to manufacturers or exporters in Mozambique.

Additionally, the Commission noted that, regarding the normal value quotation, the initiation letter stated that "If you require any clarification or further information pertaining to anything in the petition or regarding the investigation, you should request the information at an early stage, well before the period for comments has lapsed, in order to ensure that you receive the additional information and still have time to comment thereon within the time frame." In this case, the request for an extension was made after the deadline had passed.

The Commission further considered that the Applicant claimed confidentiality on the normal value quotation. Regulation 2.2 of the ADR states that "when information cannot be summarized, a reason must be provided as to why it cannot be summarized." The Applicant provided a sworn statement explaining the reasons why this information cannot be summarized. The Commission accepted this information as confidential in accordance with

ADR 2.

The Commission made a preliminary determination to take the information submitted by ESS and CSSA into account for purposes of its preliminary determination.

1.8 PRELIMINARY DETERMINATION

The Commission made a preliminary determination that:

- the subject product originating in or imported from Mozambique is being dumped onto the SACU market;
- the SACU industry experienced material injury and a threat of material injury during the POI; and
- there is a causal link between the dumped imports of the subject product originating in or imported from Mozambique, and the material injury and threat of material suffered by the SACU industry.

The Commission therefore decided to request the Commissioner for SARS to impose the following provisional measures on imports of the subject product for a period of 6 months as follows:

Tariff subheading	Producer	Rate of provisional payments
HS 7305.19	ETG Steel Solutions, Limitada	28,86%
	All the other producers and exporters in Mozambique (excluding ETG Steel Solutions, Limitada)	28,86%

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Descriptions

The subject product of this application is tubes and pipes, with an external diameter which exceeds 406,4 mm of iron or steel (excluding longitudinally submerged arc welded and longitudinally welded pipes).

The steel tubes and pipes which are subject to this investigation are commonly referred to as Electric Resistance Welded (“ERW”) pipes and Spiral Welded Pipes (Submerged Arc Welded pipes or “SAW”), excluding longitudinally submerged ACR welded and longitudinally welded pipes, classifiable under tariff subheading 7305.19 (“subject product”).

The main distinctions between the ERW and SAW pipes are the production processes and the sizes. SAW pipes are generally larger than ERW pipes.

2.1.2 Country of origin/export

The subject product originates in and is exported from Mozambique.

2.1.3 Possible tariff loopholes

The Applicant is not aware of any loopholes in the tariff description.

2.1.4 Tariff classification

The subject product is currently classifiable as follows:

Customs classification

Table 2.1.4

HS Tariff subheading	Description	Statistical unit	Rate of duty					
			General	EU/UK ¹	EFTA ²	SADC ³	MERCOSUR ⁴	AfCFTA ⁵
73.05	Other tubes and pipes (for example welded, riveted or similarly closed), having circular cross sections, the external diameter of which exceeds 406.4mm, of iron or steel							
7305.1	Line pipe of a kind used for oil or gas pipelines:							
7305.11	Longitudinally submerged arc welded	kg	15%	free	free	free	15%	7,5%
7305.12	Other, longitudinally welded	kg	15%	free	free	free	15%	7,5%
7305.19	Other	kg	15%	free	free	free	15%	7,5%

2.1.5 Negligibility test

The following table shows the alleged dumped imports as a percentage of the total imports:

Table 2.1.5: Import Volumes

Alleged dumped import volumes (kg)	Volumes	%	Volumes	%	Volumes	%
	2023	2023	2024	2024	2025	2025
Mozambique	1 476 177	80%	3 353 110	91%	12 237 332	98%
Other imports	386 165	20%	350 080	9%	282 046	2%
Total Imports	1 862 341	100%	3 703 190	100%	12 519 378	100%

The Commission made a preliminary determination that the cumulated imports from Mozambique are above the negligibility level.

2.2 SACU PRODUCT

The subject product manufactured in the SACU is tubes and pipes, with an external diameter which exceeds 406,4 mm of iron or steel (excluding longitudinally submerged arc welded and longitudinally welded pipes).

The steel tubes and pipes which are subject to this investigation are commonly referred to as Electric Resistance Welded ("ERW") pipes and Spiral welded pipes (Submerged Arc Welded pipes or "SAW"), excluding longitudinally submerged ACR welded and longitudinally welded pipes, classifiable under tariff subheading 7305.19.

The main distinction between the ERW and SAW pipes are the production processes and the sizes. SAW pipes are generally larger than ERW pipes.

2.3 LIKE PRODUCT ANALYSIS

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

Table 2.3 like product determination

Imported product	SACU product
The main raw material for the subject product is hot rolled steel coil.	The main raw material for the subject product is hot rolled steel coil.
In terms of the ERW process, the production process begins at the de-coiler, the steel coil is placed in a de-coiler and starts unwinding and levelling machine. The steel strip's edges are then trimmed and milled by the Edge Miller. The steel strip passes through the round forming rollers which causes the edges of the steel strip to curl together which forms an unwelded pipe. The steel then passes through the high frequency welding stage where the two ends of the steel strip are fused together, forming a pipe. In terms of the SAW process, the production	In terms of the ERW process, the production process begins at the de-coiler, the steel coil is placed in a de-coiler and starts unwinding and levelling machine. The steel strip's edges are then trimmed and milled by the Edge Miller. The steel strip passes through the round forming rollers which causes the edges of the steel strip to curl together which forms an unwelded pipe. The steel then passes through the high frequency welding stage where the two ends of the steel strip are fused together, forming a pipe. In terms of the SAW process, the production

process involves seaming the entire length of the pipe in a helical (commonly referred to as spiral) form. Spiral Arc Welded pipes are steel pipes that have a Double Submerged Arc Welded ("DSAW") seam. The outside diameter is determined by the angle of the de-coiled steel against the forming head. The more acute the angle, the greater the diameter. The production of large, hot rolled coils of sufficient width and the development of dependable non-destructive testing methods enables the product to be placed in more demanding applications. Pipes are inspected, weighed and can be varnished and marked prior to final inspection and dispatch, or transferred to the coating and lining plants for corrosion protection treatment.	process involves seaming the entire length of the pipe in a inside the shell of the washer, which is then complete. helical (commonly referred to as spiral) form. Spiral Arc Welded pipes are steel pipes that have a Double Submerged Arc Welded ("DSAW") seam. The outside diameter is determined by the angle of the de-coiled steel against the forming head. The more acute the angle, the greater the diameter. The production of large, hot rolled coils of sufficient width and the development of dependable non-destructive testing methods enables the product to be placed in more demanding applications. Pipes are inspected, weighed and can be varnished and marked prior to final inspection and dispatch, or transferred to the coating and lining plants for corrosion protection treatment.
ERW Mild Steel Pipes - Circular Hollow Sections with a weld seam running longitudinally along the length of the pipe. The diameter of the pipes will range from 219mm to 610mm, the wall thickness of the steel can range between 4,5mm to 12mm. Lengths can range from 6.096m to 18.288m. SAW Mild Steel Pipes - Circular Hollow Sections with a weld seam running helically along the length of the pipe. The diameter of the pipes will range from 508mm to 2,540mm, the wall thickness of the steel can range between 6mm to 20mm. Lengths can range from 6.096m to 20m.area), and the agitator.	ERW Mild Steel Pipes- Circular Hollow Sections with a weld seam running longitudinally along the length of the pipe. The diameter of the pipes will range from 219mm to 610mm, the wall thickness of the steel can range between 4,5mm to 12mm. Lengths can range from 6.096m to 18.288m. SAW Mild Steel Pipes- Circular Hollow Sections with a weld seam running helically along the length of the pipe. The diameter of the pipes will range from 508mm to 2.540mm, the wall thickness of the steel can range between 6mm to 20mm. Lengths can range from 6.096m to 20m.area), and the agitator.
7305.19	7305.19
The SACU products are fully substitutable with the imported Mozambique products.	The SACU products are fully substitutable with the imported Mozambique products.

Comments by ArcelorMittal South Africa Ltd (“AMSA”) to the Commission’s initiation notice

AMSA stated that it neither supports nor opposes the investigation. The reason for this position is that AMSA supplies hot rolled coil (HRC) to Mozambique, where producers process the HRC into tube and pipe products. Some of these products are then exported to and sold in the South African market. AMSA recognizes the need for the domestic market within the SACU to protect itself against any alleged dumped imports. However, AMSA does not believe that the allegedly dumped subject product imported into SACU is made using AMSA’s HRC. Instead, it suggests that these products are produced from cheaper Asian HRC that is imported into Mozambique.

For this reason, AMSA requested that the Commission differentiate between products made from domestic or South African HRC and those made from HRC sourced from China, Japan, and other third countries. AMSA requested a differentiation between Mozambican tube and pipe made from South African HRC and those made from Chinese HRC. It further pointed out the following:

Applying a blanket origin determination would:

- Unfairly penalise South African-origin steel converted in Mozambique,*
- Harm a crucial regional value chain, and*
- Undermine SACU/SADC industrialization objectives. These objectives include the following:*
 - “In advancing work on the development of regional value chains, SACU Member States have adopted the broad principle to use the SADC Industrialization Strategy and Roadmap as a basis to inform work on industrialization at SACU level.”*
 - “To build a diversified, competitive, sustainable and equitable industrial base that supports structural transformation and the economic integration of the SACU region”.*

- *“The quantitative goals and growth targets are aspirational in the context of long-term transformation of the SADC economy and creating the knowledge economy of the future. They are also informed by the strategic desirability of converging SADC economies as a group and within the context of the continental development agenda 2063. They are also guided by the historical performance and the potentialities associated with the transformational program incorporated in the Strategy.”*
- *It is critical for the SADC/SACU regions to integrate these cross-border industrialization plans in order to foster a stronger network of trade between all SADC countries, where value is added at each step to the benefit of each affected country, including the final destination countries, allowing for better investment opportunities, higher levels of competition and at the end a good product at reasonable prices for the customer who now fall in this SADC value chain.*

Response by the Applicant

The Applicant noted that AMSA indicated that it neither opposes nor supports the investigation. This statement can be interpreted to mean that AMSA does not value its relationship with its customers in the SACU. AMSA claimed that its indecisiveness stems from being a supplier of hot rolled coil (HRC) to Mozambique, where producers manufacture tube and pipe products, some of which are exported and sold in the Southern African market.

The Applicant expressed disappointment that AMSA, as a South African producer, has chosen not to support its fellow South African downstream producers within the same value chain, particularly one of its own customers. It has been observed that AMSA supplies HRC to Mozambique at lower prices than those offered to customers in the domestic market. Furthermore, AMSA is refusing to provide the same

product it exports at these lower prices to its customers and potential customers within the SACU market.

The Applicant also finds it astonishing that AMSA raises this point. It appears that AMSA is more concerned about developing supply chains outside South Africa and SACU than about the value chains within them. While AMSA claimed that the investigation harms a “crucial regional value chain” and threatens the “SACU/SADC industrialization objectives,” it has allegedly been preparing to apply for trade remedies against the Zimbabwean steel industry. This behavior reflects a level of hypocrisy.

The Applicant highlighted that the South African Steel Masterplan focuses on localization and building domestic value chains to unite the SACU value chain in key sectors for job creation. While intra-African trade is important, the South African market should be prioritized. The anti-dumping investigation aims to protect South African producers from cheap imported products from Mozambique. AMSA is encouraged to provide domestic producers with affordable input materials to develop the value chain before exporting, as imports that return to the SACU market can harm the industry. AMSA's view for the Commission to avoid undermining SACU/SADC objectives may jeopardize South Africa's own industrialization goals.

Commission's consideration

During verification, it was found that ESS sources its raw material (coil) from an international supplier. The supplier sells this raw material to a related party of ESS, which then resells it to ESS. ESS then produces the subject product and sells it to the SACU market at dumped prices, causing injury to the SACU market.

It is also important to note that during the Applicant verification, it was emphasized that AMSA struggles to meet the Applicant's demand for the raw material but is still able to export the same raw material to Mozambique.

Although Mozambique is a member of the SADC and the Commission considered that the SADC protocol promotes duty-free trade among SADC Member States, but it does not prohibit the application of trade remedies. Article 18 of the SADC trade protocol explicitly allows Member States to apply anti-dumping measures in accordance with WTO rules where there is proof of dumping and injury. It is important to highlight that anti-dumping measures are governed at the multilateral level by the WTO Anti-Dumping Agreement, which permits the imposition of anti-dumping duties where the requirements of Articles 2, 3, and 5 are satisfied, and where investigations are conducted in accordance with Article 6.

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

3. SACU INDUSTRY

3.1 INDUSTRY STANDING

The application was submitted by Hall Longmore (Proprietary) Limited (“the Applicant”), being the major producer of the subject product in the SACU.

Comments by ETG Steel Solutions LDA and Capital Star Steel SA (“the exporters”) to the Commission’s initiation notice

The exporters argued that the Commission did not recognize that the Applicant effectively holds a monopoly in South Africa. Although LB Pipes appears to support the Applicant’s application, a brief investigation reveals that LB Pipes only manufactures a limited range of SAW products with diameters ranging from 600 mm to 3500 mm. Therefore, LB Pipes’ support for the application is inconsequential in ensuring it adequately represents domestic producers, as required by the ADA. This is because LB Pipes (1) does not manufacture the product in question, and (2) does not produce SAW products with diameters between 406 mm and 600 mm

The exporters stated that in light of the above and considering the responses from AMSA regarding the application, the Commission has failed to demonstrate, as required by Article 5.4 of the ADA, the basis on which it accepted that the application was submitted by domestic producers who meet the criteria outlined in Article 5.4. This oversight is significant. Alternatively, the possibility that the application was filed to strengthen the monopolistic position of the Applicant should have prompted the Commission to be more vigilant and thorough in verifying the information on which the application is based.

Response by the Applicant

The Applicant stated that, regarding the support for the application by LB Pipes, it is clear that the Exporters do not understand the requirements of the ADR. Specifically, an application should be submitted by or on behalf of the domestic industry. Although the Applicant's production represents a major portion of the SACU production and thus has the standing to submit the application, it also has the support of LP Pipes for the sake of completeness. However, the letters of support from the industry are common practice when an application is submitted on behalf of the SACU industry.

Commission's consideration

The Commission considered that the Applicant is the main producer of ERW and SAW products in SACU and holds more than 50% of the production volumes of the product. Hall Longmore Holdings' output is considered a "major proportion." LB Pipes is a supporting entity in this investigation. The Commission has determined that Applicant 's application is considered to be "by or on behalf of the SACU industry," as mandated by ADR 7.1 and 7.3.

In terms of ADR 7.3, "An application shall be regarded as brought by or on behalf of the SACU industry if:

- (1) at least 25 per cent of the SACU producers by domestic production volume support the application; and*
- (2) of those producers that express an opinion on the application, at least 50 per cent by domestic production volume support such application."*

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 Section 7 of the ADR.

4. DUMPING

4.1 METHODOLOGY IN THIS INVESTIGATION FOR ETG STEEL SOLUTIONS LDA (“ESS”)

4.1.1 Normal value

The Commission accepted information submitted by ESS in response to the Commission’s questionnaire for purposes of its preliminary determination. ESS produced electric resistance welded pipes (ERW) but did not sell these pipes in its domestic market during the period of investigation. Instead, it only exported this product to the SACU market. It was also found that ESS did not sell the subject product to any third-country markets during this time. Additionally, it was further found that ESS does not produce spiral welded pipes or submerged arc welded pipes (SAW).

In this case, there are no domestic sales of subject product in the domestic market, or sales to third country. The Commission made a preliminary determination to use a constructed normal value.

A normal value may be constructed as provided for in Section 32(2)(b)(ii) (aa) of the ITA Act. According to this provision, the normal value is based on “the constructed cost of production of the goods in the country of origin when destined for domestic consumption, plus a reasonable addition for selling, general and administrative costs and for profit.”

The constructed normal value was calculated based on the actual production costs, with added selling, general, and administrative expenses, as well as a reasonable profit. Delivery expenses were excluded from this calculation to arrive at a net ex-factory constructed normal value. A reasonable profit for ESS was then added to the total

production cost for the investigation period.

A reasonable profit in terms of the provisions of section 8.13 of the ADR states the following:

- “(a) With reference to the actual profit realised on sales of the product under investigation; or
- (b) with reference to the actual profit realised on sales of the narrowest range of products that can be identified; or
- (c) with reference to the average such as actual profit realised by other sellers on sales of the same category of products in that market if the profit margin cannot be properly isolated from the information kept by the producer under investigation; or
- (d) on any other reasonable basis;

Provided that the profit so included shall normally be based on the actual profit realised on sales before extraordinary items, interest, tax and any other circumstances that may affect such profit margins”.

To determine a reasonable profit the Commission used the net profit realised sales of the product under investigation as provided in the exporter’s cost build- up. The product under investigation net selling profit is the difference between the selling price and the total cost (including production cost and selling, general and administrative expenses) of the goods.

Comments by ETG Steel Solutions LDA and Capital Star Steel SA (“The exporters”) to the Commission’s initiation notice

The exporters asserted that the Applicant's case, aimed at proving dumping of the ERW product in South Africa, relies solely on an alleged written quotation obtained by its consultant from CSSA. This quotation was purportedly used to establish the alleged normal value in the exporting

country. The exporters argued that the Commission's acceptance of this quotation is viewed by the exporters as a "bogus" document, as a basis for initiating the anti-dumping investigation is concerning. Moreover, they criticized the Commission for summarily accepting, without verification, the Applicant's claim that the quotation is "confidential." The refusal to disclose this quotation, despite it reportedly being generated by one of the exporters, has been extremely prejudicial to the exporters and undermines the integrity of the process.

The ITA Act defines "confidential information" as information that is (a) inherently confidential or (b) recognized in Part D of Chapter 4 as being otherwise confidential.

The exporters contended that a quotation provided by an exporter cannot inherently be confidential to the party that allegedly issued the quotation. According to section 33(2) of the ITA Act (found in Part D of Chapter 4), the Applicant is required to justify why the quotation is deemed "confidential." At best, the Applicant's basis for claiming confidentiality seems to stem from its unwillingness to disclose the source of the quotation, which hardly constitutes a valid reason for confidentiality. Nevertheless, even without disclosing the source, there was no reason why the Applicant could not comply with section 33(2)(b)(i) of the ITA Act by disclosing information such as the source of the quotation (confirming it originated from CSSA), the volume tied to the quotation (for 1 ton or 100 tons), the price per ton, and the conditions of the sale.

The exporters further stated that the Commission failed to comply with the requirement of procedural fairness as contemplated in the Promotion of Administrative Justice Act ("PAJA"). In terms of PAJA and the constitution, fair administrative action including but not limited to transparency is required, and the objector must understand the essential facts allegation against them. The Commission's failure to deal with this aspect prior to

compelling the exporters to comment on the Applicant's application is an irregular process and severely prejudices the exporters to make meaningful representations. In the circumstances they submitted that the prudent course of action is for the Commission to withdraw the initiation of the investigation and if the Commission fails to do so, the exporters' rights in this regard are reserved.

Response by the Applicant

The Applicant noted that the exporters disputed its confidentiality claim regarding the quotation provided to support the normal value. The Applicant clarified that it submitted a properly documented non-confidential version of the application, indicating that the source of the quotation obtained from "Capital Star Steel SA" is considered confidential. The Commission accepted the non-confidential version of the application as properly documented and confirmed this in writing.

The Applicant wishes to inform the exporters that the confidentiality claim does not pertain to the financial information included in the non-confidential version of the application. Instead, the claim is related to the identity of the source that obtained the quotation. The entity and individual involved in acquiring the quotation have the right to remain anonymous, which is the basis of the confidentiality claim.

Furthermore, for the exporters' understanding, the factual normal value information provided does not constitute an "allegation." The substantive evidence of the actual normal value information presented is clear and easily understood. The Applicant asserted that the exporters' claims of procedural unfairness and alleged prejudice to any party involved in the investigation regarding the accepted confidentiality are unfounded. The Applicant reiterated that detailed prima facie information outlining the basis of the normal value was included in the non-confidential version of the

application, which is sufficient for the exporters to defend their interests in the investigation at hand.

The correspondence with regard to the obtainment of the normal values from the Republic of Mozambique cannot be made available, not even in redacted form, as the layout will most definitely result in the exposure of the source, which will most likely lead to the victimization of the source in the markets.

The Applicant emphasized that the confidential version of the normal value evidence submitted as part of the Application, the CSSA claim that it has no record of the quotation being and its contest that the quotation was issued, are false. However, what these blatant denials do bring to the front, is that the Commission to be very circumspect of whatever CSSA presents in the course of the investigation.

The Applicant referenced regulation 23.1, which provides that the applicant should submit such information as is reasonably available to it – which is what the Applicant did in this instance. Regulation 23.2 provides clearly what information would be acceptable for purposes of initiation.

Commission's consideration

The Commission considered that the Applicant claimed confidentiality on the quotation. It is important to note that regulation 2.2 of the anti-dumping regulation states, "When information cannot be summarized, a reason must be provided as to why it cannot be summarized." The Applicant submitted a sworn statement explaining why this information cannot be summarized. The Commission accepted this information as confidential in accordance with regulation 2. Additionally, the financial information provided in the quotation was included in the non-confidential application.

In light of the above, the Commission also considered that the quotation information complied with the relevant confidentiality provisions of the ITA Act and the ADR. The non-confidential version of the financial information furnished to the Commission allowed interested parties to gain a reasonable understanding of the substance of the confidential information.

The Commission noted that, in accordance with regulation 23.1 which stipulates that, for the purpose of initiation, the Applicant shall submit such information as is reasonably available on the price for the like product in an invoice indicating the price, quotes, price list, international publication or any other reasonable proof shall be considered, this instance, the Applicant obtained a quote from CSSA.

During verification it was found that CSSA had ceased production of the subject product during the period of investigation because ESS took over the production plant in 2024. The Applicant obtained a quote for the month of November. However, by November 2024, CSSA was no longer producing the subject product under investigation. As a result, the quotation provided by the Applicant is deemed unreliable. Therefore, the Commission made a preliminary determination to rely on verified information of the exporter in Mozambique.

4.1.2 Export price

A response was received from the Falcon importer related to ESS from Mozambique; however, the response was found to be deficient. The information provided by the importer was therefore not eligible for verification. During the investigation period, all ESS export sales were made to the related importer Falcon.

An exporter, Capital Star Steel SA (“CSSA”), which was exporting on behalf of ESS in Mozambique. According to the information in response and verified details, CSSA sold its manufacturing plant situated in Maputo

to ESS during 2023/2024.

During the investigation period, CSSA ceased production. Since the export license was still in CSSA's name, the company only exported the product for approximately nine months during the period of investigation (POI). It was found that all export sales by CSSA were made to ESS-related importers Falcon and ETC Agro (Pty) Ltd.

ADR Part A defines “related parties” as follows: “Related parties” are parties deemed to be related for purposes of an anti-dumping investigation, and sales may be considered not to be at arm’s length, if -

- (a) one directly or indirectly owns controls or holds five per cent or more of the equity shares of the other;
- (b) one has the power to directly or indirectly nominate or appoint a director to the management of the other;
- (c) one is an officer or director of the business of the other;
- (d) they are legally recognised partners in business;
- (e) one is employed by the other;
- (f) they are both directly or indirectly controlled by a third person;
- (g) together they directly or indirectly control a third person;
- (h) they appear to be related by virtue of their conduct;
- (i) They are blood relatives or are related by marriage, common-law partnership or adoption
- (j) if their relationship is otherwise of such a nature that trade between them cannot be regarded to be at arm’s length”.

Therefore, should it be found that the exporter in the country under investigation is related to the importer in the SACU, or if a compensatory agreement exists between the parties, the basis of the export price will be the price at which the subject product is resold by the importer to an unrelated party in the SACU. This price will then be constructed

backwards by subtracting all relevant costs and profits to arrive at an ex-factory price in the country of origin.

Commission's consideration

The Commission considered the information submitted and noted the deficiencies in the responses provided by the related importers of the exporter; the Commission is unable to rely on the information pertaining to the first resale to independent buyers for the purpose of constructing an export price. Such information may only be considered once the identified deficiencies have been satisfactorily addressed and the information has been verified. In the absence of complete and verifiable information, and in accordance with Article 6.8 and Annex II of the WTO ADA, the Commission is entitled to rely on the best information available. Accordingly, the Commission made a preliminary determination to calculate an individual dumping margin for the cooperating exporter, ESS, thereby basing its findings on the best reasonable facts available for the export price.

Due to the fact that the importer and exporter are related, the export price has to be calculated taking into account the importer sales to the first independent buyer, deducting all cost up to the ex-factory level of the exporter. Since the information submitted by the importers was deficient, for purposes of the Commission's preliminary determination, the Commission made a preliminary determination to use the FOB import price obtained from the Bill of Entry ("BOEs"). The Commission relied on the BOEs obtained from SARS as the most reliable and reasonable information available to determine the export price for ESS for the preliminary determination. The BOEs are based on primary customs documentation that includes transaction-level import details declared to customs at the time of importation, such as importer information, tariff classification, customs value, quantities, country of origin/export, and duties payable.

Adjustment

To calculate ex-factory export prices, an adjustment for inland freight cost of 5% was considered.

Commission's consideration

It is the Commission's practice to consider adjustments to the export price to bring the price back to the ex-factory level. It is proposed that the Commission allows the adjustment for inland freight to arrive at the ex-factory price. The Commission made a preliminary determination to allow the adjustment to bring the FOB price to the ex-factory level.

Comments by ETG Steel Solutions LDA and Capital Star Steel SA ("The exporters") to the Commission's initiation notice

The exporters stated that the application was based on the average Free on Board ("FOB") import prices derived from import statistics provided by SARS. The FOB was determined to be R7.29 per kg and the Ex-Factory price to be R6.94 per kg. This data was used to calculate dumping. The actual price to be used for dumping calculations is the "export price" as outlined in section 32(2)(a) of the ITA Act, rather than the import price.

The exporters argued that the Commission failed to verify or comment on this critical point in the Applicant's application. They emphasized that the import prices were clearly inaccurate and that the Commission should not have accepted them as credible evidence of the export price specified in section 32(2)(a) of the ITA Act.

Furthermore, the exporters indicated that the data relating to the statistics was either incorrectly captured by SARS or misrepresented by the Applicant. Specifically, the quantity reported as 16,443,436 kg in October 2024 should have been approximately 1,600 kg. The exporters explained that this error in the Applicant's submission led to a significant underestimation of the average rand per kg value for October 2024, which was calculated to be R1.92 per kg. This figure is clearly erroneous, especially when compared to the preceding month's average of R18.16 per kg in September 2024 and the subsequent month's value of R18.76 per kg in November 2024. A drastic reduction of more than 88% in just one month is unrealistic. Basic verification should have identified this discrepancy, indicating it was likely due to an error. The Commission failed to conduct the necessary verification of the application as required by national and international law obligations.

Response by the Applicant

The Applicant responded by indicating that the Commission's application questionnaire –shows the following note by the Commission pertaining to the export price:

“The Commission will normally use the official SARS import statistics to determine an export price except in instances where the statistics are unreliable because other products, that are not subject to investigation, are also classifiable under the tariff subheading concerned or for any other reason. Where the official SARS statistics are used, a substantiated adjustment should be made to the movement expenses and costs of the FOB to an ex-factory level in the exporting country.”

It is therefore normal practice of the Commission to use the official SARS import statistics to determine the ex-factory export price of the imported subject products. The Applicant noted the exporters' view that there are "glaring" mistakes in the official SARS statistics. However, neither Hall Longmore nor the Commission will claim the right to make such allegations or to make corrections to the official SARS statistics. The exporters are advised to contact SARS in this regard directly.

The Applicant stated that ADR provides that the Applicant should provide information that is reasonably available to it for the purposes of initiation of this investigation.

Commission's consideration

In any dumping investigation, the Commission typically uses audited import statistics from SARS to determine the volume of the subject product entering the SACU from the countries under investigation, as well as from other countries. This information is considered the most reliable. It is important to note that the SARS import statistics are often provided as preliminary figures first, which may be subject to later corrections. As a result, there was a significant difference between the import data provided last year during the initiation and the updated imports. The Commission obtained the updated imports, were also verified against the BOEs and it was found the imports were accurate for 2023 and 2024 but not accurate for 2025.

Due to discrepancies between the import data reflected in the SARS import statistics used for initiation, the updated imports and the information found in the transaction-specific details of the BOEs on record, the Commission relied on the BOEs obtained from SARS as the most reliable information available to determine the export price for the preliminary determination. The BOEs are based on primary customs documentation that includes transaction-level import details declared to

customs at the time of importation, such as importer information, tariff classification, customs value, quantities, country of origin/export, and duties payable. The import figures for 2025 have been updated in accordance with the information provided by the BOEs.

4.1.3 Dumping Margin

The dumping margin for ESS was calculated to be 28,86%.

4.2 METHODOLOGY IN THIS INVESTIGATION FOR ALL OTHER MANUFACTURES/EXPORTERS FROM MOZAMBIQUE

It is the general policy of the Commission to impose separate anti-dumping duties on specific exporters that responded to the questionnaire and, in addition, a residual duty against the country in question, to cater for other possible manufacturers of the subject product who might also have exported the subject product to the SACU but did not participate in the investigation.

Commission's consideration

It is the Commission's practice to use calculate a residual dumping margin for all non-co-operating producers and exporters of the subject product.

To calculate a residual dumping margin, the Commission used the same information used to calculate the individual dumping margin for the verified exporter, ESS. Thus, the normal value was determined using the constructed normal value of the verified exporter and the export price was based on the SARS BOEs.

The residual dumping margin for all other manufactures/exporters from Mozambique was calculated to be 28.86%

Since duties with SARS are imposed at an FOB level, the Commission made a final determination to also consider the calculated FOB residual anti-dumping margin.

SUMMARY – DUMPING

The dumping margins were calculated as follows:

Tariff subheading	Producer	Rate of provisional payments
HS 7305.19	ETG Steel Solutions, Limitada	28,86%
	All the other producers and exporters in Mozambique (excluding ETG Steel Solutions, Limitada)	28,86%

For the purpose of its preliminary determination, the Commission, after considering all the comments and verified information from interested parties The Commission made a preliminary determination that dumping of the subject products originating in or imported from Mozambique is taking place.

5. MATERIAL INJURY

5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The following injury analysis in this submission relates to the Applicant who constitutes more than 50% of the total domestic production of the subject product

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

Commission's consideration

For initiation purposes in any dumping investigation, the Commission typically uses audited import statistics from SARS to determine the volume of the subject product entering the SACU from the countries under investigation, as well as from other countries. This information is considered the most reliable. It is important to note that the SARS import statistics are often provided as preliminary figures first, which may be subject to later corrections. This is what occurred in this investigation where there was a significant difference between the import data provided last year during the initiation and the updated imports. The Commission obtained the updated imports and were also verified against the BOEs. It was found that the data on imports was accurate for 2023 and 2024 but not accurate for 2025.

Due to discrepancies between the import data reflected in the SARS import statistics used for initiation, the updated imports and the information found in the transaction-specific details of the BOEs on record, the Commission made a preliminary determination to rely on the Bills of Entry obtained from SARS as the most reliable information available to determine the export

price for the preliminary determination. The BOEs are based on primary customs documentation that includes transaction-level import details declared to customs at the time of importation, such as importer information, tariff classification, customs value, quantities, country of origin/export, and duties payable.

In light of the discrepancy, the injury information for 2025 has been updated. It is also important to note that the trend in the injury information remained unchanged.

5.2 IMPORT VOLUMES AND EFFECT ON PRICES

5.2.1 Import volumes

The following table shows the volume of allegedly dumped imports in kg for the subject product:

Table 5.2.1: Import volumes

Alleged dumped import volumes (kg)	Volumes	%	Volumes	%	Volumes	%
	2023	2023	2024	2024	2025	2025
Mozambique	1 476 177	80%	3 353 110	91%	12 237 332	98%
Other imports	386 165	20%	350 080	9%	282 046	2%
Total Imports	1 862 341	100%	3 703 190	100%	12 519 378	100%

The Applicant stated that dumped imports from Mozambique increased their SACU market share from 100 index points in 2023 to 627 index points in 2025. During this period, Applicant lost market share from 100 index points in 2023 to 72 index points in 2025. It is therefore clear that Applicant lost market share to the dumped imports.

Commission's consideration

The tables above show that alleged dumped imports significantly increased by 729% from 2024 to 2025, while imports from other countries decreased. Meanwhile, the Applicant's market share declined by 28 index points from 2023 to 2025.

5.2.2 Effect on Domestic Prices

5.2.2.1 Price depression

Price depression takes place where the Applicant industry's ex-factory selling price decreases during the investigation period.

The table below showed the Applicant industry's ex-factory selling price per unit:

Table 5.2.2.1: Price depression

SAW and ERW	2023	2024	2025
Ex-factory selling price in SACU (Rand/kg)	100	91	107

**The information above was indexed using 2023 as base year*

The Applicant stated that its cost of production as a percentage of the selling price was relatively stable for the major portion of the period of April 2024 to December 2024, with a decrease that occurred in January 2025.

Comments by ETG Steel Solutions LDA and Capital Star Steel SA ("The exporters") to the Commission's initiation notice

The exporters noted that the Applicant experienced a decline in average selling prices in 2024, but sales increased and gross profit rose indicating a successful year. In 2025, sales further recovered with an increase, reaching 107 index points, while main input costs declined. This raises

doubts about claims that the Applicant's gross profit dropped in 2025 despite rising sales.

Response by the Applicant

The Applicant reported experiencing price depression from 2023 to 2024, leading to reduced selling prices to regain lost market share due to low-priced dumped products from Mozambique. They emphasized the importance of considering net profit to assess their business position. Overall, the information indicates that the Applicant did not have a successful year.

Commission's consideration

The Applicant did not experience price depression during the period of investigation from 2023 to 2025 but did experience price depression from 2023 to 2024 when the Applicant's selling price decreased.

5.2.2.2 Price undercutting

The following table compares the Applicant ex-factory prices with the landed cost of the imported product:

Table 5.2.2.2: Price undercutting

SAW and ERW (Rand/kg)	2023	2024	2025
Ex-factory selling price	100	91	107
Alleged Dumped product			
Import Price FOB	100	103	111
Import Price landed	100	103	110
Price undercutting	[CONFIDENTIAL] Yes	[CONFIDENTIAL] Yes	[CONFIDENTIAL] Yes
Price undercutting %	[CONFIDENTIAL] [Between 30 and 50 percent]	[CONFIDENTIAL] [Between 30 and 40 percent]	[CONFIDENTIAL] [Between 30 and 50 percent]

*The information above was indexed using 2023 as base year, due to confidentiality

Commission's consideration

The information in the table indicates that during the investigation period, the landed price was lower compared to the domestic selling price. Furthermore, the price undercutting increased from 2024 to 2025.

5.2.2.3 Price suppression

Price suppression is the extent to which increase in the cost of production of the product concerned, cannot be recovered in selling prices.

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

Table 5.2.2.3: Price Suppression

SAW and ERW		2023	2024	2025
ex-factory Selling price kg		100	91	107
Cost of production kg		100	92	112
Gross Profit	Rand/kg	100	83	68
Gross Profit %	%	100	92	64
Cost of production % selling price	%	100	101	105

The information above was indexed using 2023 as base year, due to confidentiality as base year

The Applicant indicated that it suffered material injury in the form of price suppression. The cost of production as a percentage of its selling price increased between 2023 and 2025.

Commission's consideration

The Commission noted that the price suppression experienced by the Applicant increased over the investigation period.

Comments by ETG Steel Solutions LDA and Capital Star Steel SA (“The exporters”) to the Commission’s initiation notice

The exporters highlighted a contradiction in the Applicant's production costs and profits. They reported that production costs decreased in 2024, resulting in a rise in gross profit. However, they questioned how production costs could then increase in 2025 when HRC prices, a key input, fell. This is another aspect where obvious and glaring discrepancies were never verified by ITAC. It is evident that this discrepancy requires careful audit and scrutiny of the figures presented by Applicant. In any event, production costs should not be considered and cannot be attributed to the imports.

Response by the Applicant

The Applicant stated that the exporters misunderstand the table above, which contains information about the price suppression experienced by the Applicant during the period of investigation (POI). It is clear that Applicant’s production costs increased over the POI and that it was not able to increase its selling prices to recover the increase in production costs – hence the price suppression. Cost of production as a percentage of the Applicant’s selling price therefore increased over the POI.

The Applicant stated that apart from the fact that the information provided by Applicant was indeed verified by the Commission, the steel prices that the exporters refer to are general published information and not directly related to what was actually paid by the Applicant. Price suppression is an element that should be considered by the Commission and clearly indicates that Hall Longmore experienced material injury during the POI as a result of the dumped product in the SACU market.

Commission's consideration

The Commission disagrees with the exporters' analysis of the price suppression information. The table clearly shows that gross profit decreased over the period of investigation. The price suppression experienced by the Applicant increased by 5 index points from 2023 to 2025. Additionally, the table indicates that production costs increased by 12 index points during the same period, which shows that the Applicant was unable to raise its selling prices sufficiently to cover the increase in production costs.

Furthermore, it is important to understand that the Commission does not conduct audits but instead conducts verifications to examine the accuracy of the information provided. All elements related to profit and production costs were verified and found to be accurate. The cost of production is a crucial part of the information in the investigation, as it forms a part of the cost buildup, which determines how much it costs to produce the product up to the net ex-factory price. Most of the injury indicators in the application are derived from the cost build-up.

5.4 Consequent Impact of the dumped imports on the industry

5.4.1 Actual and potential decline in sales

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

Table 5.4.1: Sales volume

SAW and ERW	2023	2024	2025
Applicant - Sales volume kg	100	140	96
Other SACU producers - Sales volumes	-	-	-
Total SACU Producers - Sales volume kg	100	140	96

***The information above was indexed using 2023 as base year, due to confidentiality**

The Applicant stated that its sales decreased over the POI from 100 index points in 2023 to 96 points in 2025. This decrease must be seen within the context that the Applicant market share declined over the period of investigation.

Comments by ETG Steel Solutions LDA and Capital Star Steel SA (“The exporters”) to the Commission’s initiation notice

The exporters noted that the Applicant's sales volumes increased by 40% from the 2023 base year to 140 index points in 2024, but then fell to 96 index points, representing a 4% decrease compared to the base year. Despite this decline, the Applicant's prices increased by 17.6% from 2024 to 2025, which is 7% higher than the base year. This raises doubts about the existence of injury, particularly related to alleged dumping.

Response by the Applicant

The Applicant responded by stating that it should be noted that injury does not have to be experienced with regard to each of the 14 injury factors under consideration by the Commission and that no factor gives decisive guidance. That said, it is clear that sales volumes dramatically decreased over the POI from 100 index points in 2023 to 96 index points in 2025. The Applicant market share declined by 28 index points. This is clear evidence of material injury.

Commission’s consideration

Sales volume of the Applicant decrease by 4 index points over the period 2023 to 2025.

5.4.2 Profit

The following table shows the Applicants' profit margins for the subject products:

Table 5.4.2: Profit

SAW and ERW	2023	2024	2025
kgs Sold	100	140	96
Total Gross profit Rand	100	117	66
Total Net Profit Rand	100	81	10

***The information above was indexed using 2023 as base year, due to confidentiality**

The Applicant stated that its gross profit decreased from 2023 to 2025 by 34 index basis points, but the net profit also drastically decreased from 100 basis points in 2023 to 10 basis points in 2025. It clearly indicates that Applicant is suffering material injury.

It further stated that the decline in sales volume resulted in a loss of market share while selling prices were under pressure, due to the dumped imports that lead to the gross and net profit decreasing trends.

Commission's consideration

The Applicant net profit decrease by 90 index points over the period 2023 to 2025.

5.4.3 Output

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

Table 5.4.3: Output

SAW and ERW (kg)	2023	2024	2025
Total production: Subject Products - Non-SACU	100	2	0
Total production: Subject Products - SACU only	100	125	111
Total production	100	77	67

***The information above was indexed using 2023 as base year, due to confidentiality**

The Applicant stated its total output over the period of investigation decreased from 100 index points in 2023 to 67 points in 2025, which presents a 33 index points decline. This is clearly indicating that Applicant is suffering material injury.

It further stated that while production for SACU consumption for the POI did increase, the production volume decreased in 2025 from 125 index points to 111 points, a decrease of 14 points from 2024. The Applicant also lost production for the export market, although historically, the SACU market exceeds the export market by far.

Commission's consideration

The information provided indicates that the Applicant's production decreased by 14 index points from 2024 to 2025. Additionally, the table shows a total production reduction of 33 index points during the investigation period.

5.4.4 Market share

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

Table 5.4.4: Market share

SAW and ERW		2023	%	2024	%	2025	%
Applicant - subject products sales volumes SACU	kg	100	100	140	97	96	72
Other SACU producers' sales	kg	-	-	-	-	-	-
Total SACU producers' sales	kg	100	100	140	97	96	72
Market share: Imports							
Alleged dumped imports Mozambique	kg	1 476 177	100	3 353 110	158	12 237 332	627
Other countries	kg	386 164,7	100	350 080	64	282 046	55
Total Imports	kg	1 862 341	100	3 703 190	138	12 519 378	508
Total Market	kg	100	100	144	100	132	100

*The information above was indexed using 2023 as a base year, due to confidentiality

The Applicant stated that it is evident that it suffers material injury in that its market share in volume decreased over the POI from 100 percent basis points in 2023 to 72 index points in 2025. During this period, the market share of dumped imports from Mozambique increased from 100 index points in 2023 to 627 index points in 2025. The loss in market share for Applicant is therefore directly attributable to the dumped imports.

Commission's consideration

During the period from 2023 to 2025, the SACU industry experienced a 28 index points decline in market share. In contrast, the market share of dumped imports increased from 100 index points to 627 points during the same period.

5.4.5 Productivity

Using the production and employment figures sourced from the Applicant, productivity in respect of the subject product is as follows:

Table 5.4.5: Productivity

SAW and ERW		2023	2024	2025
Total production volume	kg	100	77	67
Number of employees (Production)	No	100	82	102
kg per employee	kg	100	94	66

*The information above was indexed using 2023 as base year, due to confidentiality

The Applicant stated that in light of the total production of the subject product decreasing for the POI, the Applicant's productivity experienced a downward trend over the POI from 100 index points in 2023 to 96 index points in 2025, presenting a decrease of 4 index points. Although the number of production employees slightly increased for the POI, the productivity of Applicant would still have decreased if the 2023 and 2025 production employment numbers were kept the same.

5.4.6 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 Applicants' profit after interest and tax expressed as a percentage of its net value of assets:

Table 5.4.6: Return on investment

Rand	2023	2024	2025
Net profit Total company (Rands)	(100)	368	39
Net assets Total Company *	100	116	133
Return on net assets (%)	(100)	317	29

*The information above was indexed using 2023 as base year, due to confidentiality

The Applicant stated that its return on investment experienced a net loss with regard to the subject product in 2023, followed by a recovery in 2024. However, in 2025, Applicant's net profit declined drastically from 368 index points in 2024 to 39 index points in 2025, amounting to a decrease. Although Applicant's return on investment improved in 2024, from the negative figure in 2023, the return on investment in 2025, indicating that

Applicant is suffering material injury.

Commission's consideration

The table above indicates that the applicant's return on net assets improved significantly in 2023 and 2024 and further increased in 2025. Additionally, there was an overall increase in the return on net assets for the subject product during the investigation period.

5.4.7 Utilisation of production capacity

The following table provides the Applicants' capacity and production for the subject product:

Table 5.4.7: Utilization of production capacity

SAW and ERW	2023	2024	2025
Total Installed Capacity (kg)	100	100	100
Actual Production (kg)	100	77	67
Capacity Utilisation %	100	105	116

***The information above was indexed using 2023, as base year due to confidentiality**

The Applicant stated that it is clear that there was a slight increase in the number shifts for the POI, whilst the number of the shifts per week remained the same while employment increased over the POI as a result of the variance in the subject product being manufactured.

The Applicant further stated that it is evident that its production capacity remained the same over the POI. Although its capacity utilisation increased from a 100 index points in 2023 to 116 points in 2025 this utilisation is so low that the plant can actually be stopped. It is clear that Applicant suffers material injury as the capacity utilisation rates over the POI were extremely low and it cannot continue to operate at these low-capacity percentages.

5.4.8 Factors affecting domestic prices

The Applicant stated that there are no other known factors, which could affect the domestic prices negatively.

5.4.9 The magnitude of the margin of dumping

The following dumping margins were calculated:

Table 5.4.9: Dumping margins

Tariff subheading	Producer	Rate of provisional payments
HS 7305.19	ETG Steel Solutions, Limitada	28,86%
	All the other producers and exporters in Mozambique (excluding ETG Steel Solutions, Limitada)	28,86%

5.4.10 Actual and potential negative effects on cash flow

The following table reflects the Applicant's cash flow situation with regard to the product under investigation.

Table 5.4.10: Cash flow

SAW and ERW (Rand)	2023	2024	2025
Cash flow: incoming	100	74	74
Cash flow: outgoing	(100)	(77)	(67)
Net cash flow	(100)	(1 337)	2 772

The information above was indexed using 2023 as base year, due to confidentiality as base year

The Applicant indicated that it suffered material injury in that the net cash flow for the subject product was negative in 2023 and 2024.

5.4.11 Inventories

Table 5.4.11: Inventories

SAW and ERW		2023	2024	2025
Volume	kg	100	36	27
Value	Rand	100	33	23

***The information above was indexed using 2023 as base year, due to confidentiality**

The Applicant stated that under normal conditions, without unfairly traded products in the SACU market, Applicant would endeavour to keep the monthly inventory volumes stable.

The Applicant further stated that there has been a decreasing trend in the monthly inventory volume levels over the last 12 months, the levels are above the required inventory levels, and an increase was experienced from January 2025 to March 2025 as a result of the inflow of increased dumped imports. The monthly inventory values followed a similar trend as the monthly inventory volumes. The higher-than-normal inventory levels and any increase in the inventory volumes and values is causing material injury to the Applicant as capital is taken up in the inventories, negatively impacting on the Applicant's working capital, cash flow and liquidity.

Commission's consideration

The information in the table show that the Applicant's inventory declined over the period of investigation, from 100 index points in 2023 to 27 points in 2025.

5.4.12 Employment

The following table provides the Applicants' employment figures for the subject product:

Table 5.4.12: Employment

	2023	2024	2025
SAW and ERW			
Direct labour Production: unit	100	82	102
Indirect labour (units): Production (Average over the year)	-	-	-
Total labour (units): Production	100	82	102

*The information above was indexed using 2023 as base year, due to confidentiality

The Applicant stated that production workforce slightly increased from 2023 to 2025. This increase was due to the anticipation that although the dumped product was flowing into the SACU market, Applicant would be able to increase its sales volumes (and thus production) due to price depression and suppression, which as can be seen, did not realize.

5.4.14 Wages and salaries

The following table provides the Applicant's wages paid:

Table 5.4.14: Wages & Salaries

SAW and ERW	2023	2024	2025
Direct wages: Production	100	167	199
Indirect wages: Production	-	-	-
Total wages production	100	167	199
Wages per employee direct	100	221	211
Wages per employee Indirect	-	-	-

*The information above was indexed using 2023 as base year, due to confidentiality

The Applicant stated that as a result of the National Union of Metalworkers of South Africa (NUMSA) negotiations regarding the workforce wage agreements, the yearly wage levels show an increasing trend. As a result of these direct cost increases, it is important that Applicant cannot pass the production cost increase on to its customers, which is being hindered by the dumped imports in the SACU market, causing Applicant to suffer material injury.

5.4.13 Growth

The following table indicates the growth of the SACU market as provided by the Applicant:

Table 5.4.13: Growth

SAW and ERW	2023	% Growth	2024	% Growth	2025	% Growth
Applicant - Subject Products sales volumes SACU kg	100	N/A	140	100	96	(78)
Other SACU producers Sales	-	N/A	-	-	-	-
Total SACU producer's Sales kg	100	N/A	140	100	96	(78)
Market share: Imports kg						
Alleged dumped imports kg Mozambique	1 476 177	N/A	3 353 110	100	12 237 332	208
Other imports kg	386 165	N/A	350 080	100	282 046	(100)
Total imports kg	1 862 341	N/A	3 703 190	100	12 519 378	100
Total Market kg	100	N/A	144	100	132	100

*The information above was indexed using 2022 as base year, due to confidentiality

The Applicant stated that it is clear that although Applicant showed a growth from 2023 to 2024, it experienced a negative growth from 2024 to 2025, whilst the dumped imports from Mozambique, showed a growth of 100 index points in 2024 to 208 in 2025. The total SACU market showed a negative growth over the POI, which can only be attributed to the growth rate of the dumped subject product imports from Mozambique.

The Applicant further stated that in the absence of the dumped imports in the SACU market, Applicant would have been able to secure and grow its SACU market, as exports from other countries were insignificant in 2023 and 2025. Clearly, as a result of the low growth rate of Applicant in the SACU market, it is suffering material injury.

5.4.14 Ability to raise capital or investments

The Applicant provided the following information with regard to the SACU industry's ability to raise capital or investments:

Table 5.4.14: Ability to raise capital or investments

SAW and ERW	2023	2024	2025
Total capital/investment total Company (R)	100	133	130

*The information above was indexed using 2023 as base year, due to confidentiality

The Applicant stated that its investment increased over the POI, whilst its capital expenditure for subject product declined in a bid to reduce cost. The Applicant indicated that as a result of an underutilisation of the existing production capacity, with a decreasing utilisation trend occurring from 2023 to 2024, there was no need to raise additional capital or investment. However, as a capital-intensive business there is ongoing spending to maintain the current *status quo*.

The Applicant further stated that as can be seen from the capacity and the utilization thereof there is no need to invest in expanding the capacity. If additional capital must be raised, it can be done internally if Applicant increased its return on investment and the investment is viable.

5.4.15 SUMMARY – MATERIAL INJURY

Comments by ETG Steel Solutions LDA and Capital Star Steel SA (“The exporters”) to the Commission’s initiation notice

The exporters stated that effectively that there is no dumping, which should be the end of the matter. In the absence of dumping, even if there is credible evidence of material injury, there could not be a causal link between the material injury and the (non-existent) dumping. Thus, even if it accepted that the Applicant is suffering some injury during the POI, it is neither material nor is there any causal link between any injury to the domestic market and (non-existent) dumping. The exporters stated that on the basis of the information supplied, proper verification should confirm that the Applicant and the domestic market are not suffering any injury (certainly no material injury) regarding the Product.

Commission’s consideration

The Commission considered the verified information of the exporter, and there is evidence of dumping. Furthermore, there is evidence of a causal link between the alleged dumped imports and material injury/threat of material the injury suffered by the SACU industry.

When evaluating serious injury from the information that was verified by the Commission, it is evident that the Applicant is suffering material injury based on the following indicators:

Sales volumes for the Applicant declined from 2023 to 2025. During the same period, productivity went down, and, and there has been a reduction in growth within the SACU market.

The market share of the Applicant declined while the total market share of imports increased over the period 2023 to 2025. Furthermore, imports as a percentage of production increased in relative terms and in absolute terms over the period of investigation.

Additionally, the Applicant experienced price suppression over the period of investigation, and there was also a decline in net profit for the same period.

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

6. THREAT OF MATERIAL INJURY

6.1 Freely disposable capacity of the exporters

Mozambique

In 2009 it was reported that a factory making ERW steel tubes and pipes, with an investment of around US\$50 million (R375 million), was opened in the Beluluane Industrial Park Free Zone outside Maputo, with International American Petroleum Institute accreditation. The factory was a joint project between South African, Chinese and Mozambican companies. According to a report circulated by the Centre for Chinese Studies at Stellenbosch University, the factory was owned by the newly formed company Capital Star Steel. It covers about five hectares of land and employs around 200 workers. Since it is located in a free zone, it is exempt from tax for between five to 10 years. The main shareholders in Capital Star Steel were Seven Star Steel of China, which each held 40 per cent. The remaining 20 per cent was in the hands of a group of Mozambican companies, including the Mozambique Zimbabwe Pipeline Company, the state-owned fuel distribution company Petromoc, the electricity company EDM, the Matola Gas Company and Petroline. The President of Mozambique, inaugurating the factory, said in 2009 that “Factories such as this demonstrate to the world that Mozambique is a safe destination for large-scale private investment and that we have the human capital and a favourable environment for the installation, operation and prosperity of world-class companies, as well as the capacity to interact with multinational businesses and with them contribute to improving the performance of the national economy.” The chairperson of Capital Star Steel was then also quoted to state that the “proximity of the port of Maputo was a determining factor. We need to be near a good port in order to reach our export markets” and added that “Markets have already been secured in South Africa and the United States, and the project will, in an initial phase, have capacity to produce 200 000 tons of steel pipes per year.” This is

substantial capacity of which production will be exported as the Mozambique market is not large enough. Thereafter, Lion Steel South Africa has acquired the steel pipe manufacturing mill - Capital Star Steel SA.

It is reported that Lion Steel SA, Chief Executive Officer, David Scheepers was quoted to say “With current planned pipeline projects for gas infrastructure within the region exceeding 3,500kms, Lion Steel SA believe the timing of this investment has placed Capital Star Steel as a strategic player in the market. We are also delighted that this acquisition includes the retention of key expertise and the necessary skills held by previous management and staff.”

The recent legislative support for local content within the Mozambique oil and gas sector has resulted in significant interest in Capital Star Steel's role as a strategic supplier of pipes to the Mozambique oil, gas and water infrastructure. Lion Steel SA is of the view that their acquisition of Capital Star Steel will not only enhance their local presence within these Mozambiquan sectors but also raise their profile throughout the African continent.

6.2 Significant increase of alleged dumped imports

Imports of the alleged dumping imports are indicated as follows:

Table 6.2: Volume of alleged dumped imports

Alleged dumped import volumes (kg)	Volumes	%	Volumes	%	Volumes	%
	2023	2023	2024	2024	2025	2025
Mozambique	1 476 177	80%	3 353 110	91%	12 237 332	98%
Other imports	386 165	20%	350 080	9%	282 046	2%
Total Imports	1 862 341	100%	3 703 190	100%	12 519 378	100%

The Applicant stated that dumped imports from Mozambique increased their SACU market share from 100 index points in 2023 to 627 index points in 2025. During this period, Applicant lost market share from 100 index points in 2023 to 72 index points in 2025. It is therefore clear that Applicant lost market share to the dumped imports.

Commission's consideration

The Commission considered that, it is evident from the information provided by the Applicant that there is a significant increase of the alleged dumped imports over the investigation period.

6.3 Prices of imports which will have a significant depressing or suppressing effect on domestic prices

The Applicant stated that it already experienced price suppression over the POI. Imports from the subject countries increased substantially from May 2024 at low prices that undercut Applicant's selling prices and will therefore lead to further price depression and suppression.

Table 6.3: Price suppression

SAW and ERW		2023	2024	2025
ex-factory Selling price kg		100	91	107
Cost of production kg		100	92	112
Gross Profit	Rand/kg	100	83	68
Gross Profit %	%	100	92	64
Cost of production % selling price	%	100	101	105

*The information above was indexed using 2023 as base year, due to confidentiality

The Applicant indicated that it suffered material injury in the form of price suppression. The cost of production as a percentage of its selling price increased from 100 percent basis points in 2023 to 105 percent basis points in 2025.

The required cost to price ratio of Applicant to allow for re-investment was exceeded by the actual costs over the POI and showed an increasing trend, indicating that price suppression was experienced and that an increasing trend exists for the POI.

Commission's consideration

The table clearly shows that gross profit decreased over the period of investigation. The price suppression experienced by the Applicant increased by 5 index points from 2023 to 2025. Additionally, the table indicates that production costs increased by 12 index points during the same period, which shows that the Applicant was unable to raise its selling prices sufficiently to cover the increase in production costs.

Table 6.3: Price Depression

	2023	2024	2025
SAW and ERW			
Ex-factory selling price (R/unit)	100	91	107

***The information above was indexed using 2023, due to confidentiality**

The Applicant although its average selling prices increased over the POI, it decreased from 100 basis points in 2023 to 91 basis points in 2024, as a result of constant pressure from dumped imported products into the SACU market. The Applicant therefore experienced price depression from 2023 to 2024. Despite input cost increases, it had to depress its selling prices in 2024 in an attempt to capture lost market share that was caused by the influx of low-priced dumped products from Mozambique.

6.4 Exporter's inventories of the subject product

The Applicant stated that is of the view that there exists sufficient inventory in Mozambique to service new export or domestic orders but is not aware of what the actual inventory volume is.

6.5 State of the economy of the country of origin

Mozambique

Mozambique is one of the poorest and most underdeveloped countries in the world, even though between 1994 and 2006 its average annual GDP growth was approximately 8 percent. Since 2014/15 household real consumption has decreased significantly and a sharp rise in economic inequality has been observed. The IMF classifies Mozambique as a heavily indebted poor country. In a 2006 survey, three-quarters of Mozambicans said that in the past five years their economic position had remained the same or become worse. Mozambique was ranked 128th out of 139 in the Global Innovation Index in 2024.

The resettlement of civil war refugees and successful economic reform have led to a high growth rate: the country enjoyed a remarkable recovery, achieving an average annual rate of economic growth of 8 percent between 1996 and 2006 and between 6 to 7 percent from 2006 to 2011. Rapid expansion in the future hinges on several major foreign investment projects, continued economic reform, and the revival of the agriculture, transportation, and tourism sectors. In 2013 about 80 percent of the population was employed in agriculture, the majority of whom were engaged in small-scale subsistence farming which still suffered from inadequate infrastructure, commercial networks, and investment. However, in 2012, more than 90 percent of Mozambique's arable land was still uncultivated.

In 2013, a BBC article reported that starting in 2009, the Portuguese had been returning to Mozambique because of the growing economy in Mozambique and the poor economic situation in Portugal.

More than 1,200 small state-owned enterprises have been privatized. Preparations for privatization and/or sector liberalization were made for the remaining parastatal enterprises, including telecommunications, energy, ports, and railways. The government frequently selected a strategic foreign investor when privatizing a parastatal. Additionally, customs duties have been reduced, and customs management has been streamlined and reformed. The government introduced a value-added tax in 1999 as part of its efforts to increase domestic revenues.

The Front for the Liberation of Mozambique (“**FRELIMO**”) and the Mozambican National Resistance (“**RENAMO**”) are Mozambique's main political parties, with the Mozambique Democratic Movement (“**MDM**”) trailing. Since gaining independence from Portugal in 1975 and adopting multiparty democracy in 1992, FRELIMO has maintained control. In the 2019 elections, they achieved a landslide victory, obtaining a two-third assembly majority and winning the inaugural provincial elections, enabling them to appoint governors across all ten provinces.

Mozambique held presidential, legislative and provincial elections on October 9, 2024. The presidential race includes four contenders: Daniel Chapo of the ruling party FRELIMO, Ossufo Momade of the opposition party RENAMO, Lutero Simango of the country's third political party, MDM, and Venâncio Mondlane, an independent candidate backed by the extra-parliamentarian party Optimistic People for the Development of Mozambique (PODEMOS). In October 2023, Mozambique held municipal elections across 65 municipalities. FRELIMO won in 60 municipalities, RENAMO won in four, and MDM in one. Due to irregularities, the votes were repeated or recounted in some areas. The final election results upheld

FRELIMO's victory in Maputo, Mozambique's capital city, and Matola, Mozambique's largest city.

Mozambique's gas-rich northernmost province of Cabo Delgado has experienced a spike in insurgent attacks since mid-December 2023, the most significant of which was a siege on the town of Macomia in May 2024. These events mark the latest developments in a 7-year conflict which has exacted a high toll in terms of lives, livelihoods, physical infrastructure, as well as human and social capital. The conflict also temporarily stalled progress in key LNG investments in Cabo Delgado. The surge in hostilities came as the SADC Mission in Mozambique withdrew its troops due to the closing of its mandate in July 2024, while Rwanda announced it would boost its own troop numbers on the ground to help bridge the gap. The 7-year conflict has resulted in 5,785 fatalities to date. As of July 2024, the total number of displaced stands at over half a million people, while 610,732 have returned to their places of origin. To address this crisis and its impacts, the government is leading reconstruction efforts in the north to help improve alignment and collaboration between development actors, with a focus on prevention, recovery, peacebuilding, and resilience. Work has begun to rehabilitate destroyed districts in the north of the province under the government's Plano de Reconstrução de Cabo Delgado, while authorities have also approved the Programa de Resiliência Desenvolvimento Integrado do Norte de Moçambique, a recovery, development, and peacebuilding.

6.6 Give any other information relevant to your allegation that the infliction of material injury is imminent

The Applicant stated an investment was made in Mozambique which is aimed at increasing its export capabilities to SACU and neighbouring countries.

According to Capital Star website they have “*established a raw material supply chain globally and we are currently expanding our distribution infrastructure internationally. With a guaranteed constant supply of electricity from Cahorra Bassa and perfectly situated near the port harbour of Maputo, and the main arterial road lines that lead to South Africa, Botswana, Angola, Zimbabwe, Zambia and Tanzania, we have the ability to deliver “On Time & In Full” to any project, whether it be in Africa or anywhere on the globe*”.

Clearly, Capital Star has positioned themselves to supply the African market, including SACU which will impact negatively on SACU industry.

6.7 SUMMARY ON THREAT OF MATERIAL INJURY

Commission’s consideration

The information before the Commission indicates a threat of material injury to the SACU industry arising from allegedly dumped imports from Mozambique. Evidence shows substantial freely disposable export-oriented production capacity in Mozambique, including the strategically located Capital Star Steel facility, with reported capacity of 200 000 tons per annum and an explicit focus on regional export markets, including South Africa. Imports from Mozambique increased significantly over the investigation period, rising from 1.48 million kg in 2023 to 12.24 million kg in 2025, accounting for 98 per cent of total imports by 2025, while the Applicant simultaneously lost market share. The low-priced imports resulted in price suppression and price depression, as the Applicant was unable to increase selling prices sufficiently to recover rising production costs, leading to declining profitability. The evidence further suggests that Mozambique’s industrial and logistical infrastructure, together with ongoing investments aimed at expanding export capability into SACU markets, creates a likelihood of continued and increased import penetration which poses an imminent threat of material injury to the

domestic industry.

The Commission made a preliminary determination that there is threat of material injury to the SACU industry.

7. CAUSAL LINK

7.1 GENERAL

In order for the Commission to make a preliminary determination, it must be satisfied that there is sufficient evidence to indicate that the material injury experienced by the SACU industry is as a result of the dumping of the subject product.

7.2 VOLUME OF IMPORTS AND MARKET SHARE

An indication of causality is the extent of the increase of volume of the subject imports from Mozambique and the extent to which the market share of the domestic industry has decreased since the commencement of injury.

The following table compares the market share of the SACU industry with that of the alleged dumped imports:

Table 7.2 (a): Market share

SAW and ERW		2023	%	2024	%	2025	%
Applicant - subject products sales volumes SACU	kg	100	100	140	97	96	72
Other SACU producers' sales	kg	-	-	-	-	-	-
Total SACU producers' sales	kg	100	100	140	97	96	72
Market share: Imports							
Alleged dumped imports Mozambique	kg	1 476 177	100	3 353 110	158	12 237 332	627
Other countries	kg	386 164,7	100	350 080	64	282 046	55
Total Imports	kg	1 862 341	100	3 703 190	138	12 519 378	508
Total Market	kg	100	100	144	100	132	100

*The information above was indexed using 2023, due to confidentiality

The Applicant stated that it is evident that it suffers material injury in that its market share in volume decreased over the POI from 100 index points in 2023 to 72 points in 2025. During this period, the market share of dumped imports from Mozambique increased from 100 index points in 2023 to 627 index points in 2025. The loss in market share for Applicant is therefore directly attributable to the dumped imports.

Commission's consideration

During the period from 2023 to 2025, the SACU industry experienced a 28 index points decline in market share. In contrast, the market share of total imports increased during the same period.

The following table shows the volume of imports:

Table 7.2 (b): Import volumes

Alleged dumped import volumes (kg)	Volumes	%	Volumes	%	Volumes	%
	2023	2023	2024	2024	2025	2025
Mozambique	1 476 177	80%	3 353 110	91%	12 237 332	98%
Other imports	386 165	20%	350 080	9%	282 046	2%
Total Imports	1 862 341	100%	3 703 190	100%	12 519 378	100%

SACU market share from 100 index points in 2023 to 627 index points in 2025. During this period, Applicant lost market share from 100 index points in 2023 to 72 index points in 2025. It is therefore clear that Applicant lost market share to the dumped imports.

Commission's consideration

The tables above show that alleged dumped imports significantly increased by 729% from 2024 to 2025, while imports from other countries decreased. Meanwhile, the Applicant's market share declined by 28 index points from 2023 to 2025.

7.3 EFFECT OF DUMPED IMPORTS ON PRICES

The following table shows the price effects of the Applicant:

Table 7.3: Price depression, price suppression and price undercutting

SAW and ERW	2023	2024	2025
Ex-factory selling price in SACU (price depression)	100	91	107
Cost of production % of selling price (price suppression)	100	101	105
Price Undercutting %: Mozambique	[CONFIDENTIAL] [Between 30 and 50 percent]	[CONFIDENTIAL] [Between 30 and 40 percent]	[CONFIDENTIAL] [Between 30 and 50 percent]

7.4 CONSEQUENT IMPACT OF DUMPED IMPORTS

Material injury indicator	Analysis (2023– 2025)
Price suppression	Increased
Price depression	Decreased
Sales volume	Decreased
Market share	Decreased
Profit	Decreased
Output	Increased
Productivity	Decreased
Return on investment	Increased
Utilisation of production capacity	Increased
Cash flow	Increased
Inventory levels	Decreased
Growth	Decreased
Wages	Decreased

7.5 FACTORS OTHER THAN THE DUMPING CAUSING INJURY

7.5.1 Examination of causality link under Article 3.5

The Applicant provided the following information:

SAW and ERW

Variable	Year			Change (%)
	2023	2024	2025	2023/2025
Prices of imports not sold at dumped prices (fob price) (R/kg)	16,03	15,84	15,16	(5.44%)
Volume of imports not sold at dumping (Kg)	386 165	350 080	282 046	(26.96%)
Contraction in demand:				
Growth rate for the subject product industry (kg)	0	100	(78)	(22)

Changes in the patterns of consumptions	The Applicant stated that is not aware of any contraction in the SACU market over the POI, as the SACU market of the subject product shows an increasing trend over the POI.
Trade-restrictive practices of foreign and domestic producers	The Applicant stated that there is none that is aware of.
Developments in technology	The Applicant indicated that there are no known recent developments in technology that would place it at a disadvantage compared with the technology of the exporters.
Export performance of the domestic industry	The Applicant stated that is primarily focusing on supplying the SACU market but do have limited exports to African countries outside SACU. However, please note that the injury data supplied relates only to the sales in the SACU market.
Productivity of the domestic industry	The Applicant stated that it believes that its productivity compares favorably with its

	competitors. However, as a result of the dumped imports, and therefore the expected sales volume not increasing, the productivity of Applicant is affected as these imports impact on its production
The effect of changing exchange rate has been on: (a) production cost; (b) selling price; and (c) the price of the imported product	The Applicant stated that it sources its input product domestically, the exchange rate does not have a major impact on its production cost. As can be seen from the import data, the fluctuation of the exchange rate does not impact on the import and thus Applicant's selling prices.

Comments by ArcelorMittal South Africa Ltd (“AMSA”) to the Commissions initiation notice

AMSA stated that mislabelling of the country of origin would distort volume analysis, price undercutting comparisons, causation analysis which must be origin-differentiated under the WTO anti-dumping agreement Articles 2, and this aligns with WTO obligations of precision, fairness, and non-arbitrary application. The reason being that the injury experienced by the domestic injury is not caused by the subject product being produced from South African HRC. The domestic industry must be protected, but not at the cost of itself.

Response by the Applicant to AMSA's Comments

The Applicant stated that AMSA continues with the complete misunderstanding of the provisions of the ADA. It further stated that AMSA confuses the subject product of this investigation. The injury and dumping analysis in this investigation, pertains to the subject product, being tubes and pipes, originating in or imported from Mozambique.

Comments by ETG Steel Solutions LDA and Capital Star Steel SA (“The exporters”) to the Commission's initiation notice

The exporters stated that the injury claimed by the Applicant (if any) is attributable to factors that are not relevant to this case. They argue that the

application appears to be a thinly disguised attempt to eliminate competition, which would create an unfair monopoly detrimental to job creation, stifle economic stimulation, and generally be disadvantageous to the economy of the Republic as a whole.

The exporters noted price depression and various other factors as reasons for the alleged injury. Proper verification by the Commission will reveal the conflicting nature of these claims. Reference to the Applicant's client lists, as visible on its website, shows that several of its major clients such as Eskom, SASOL, Rand Water, Transnet, and De Beers are experiencing significant issues that likely contribute to any economic challenges the Applicant may be facing. Additionally, the Applicant exports to more than 30 countries, which provides ample evidence of factors (none of which relate to the importation of the product) that could explain any injury the Applicant is suffering.

A basic verification should confirm that these issues are not related to the imports of the product by the objectors. The exporters indicated that they will not dwell further on the repetitive and irrelevant content of the Applicant's application. Assuming, but not conceding, that the Applicant experienced injury during the POI, it should be clear that no causal link exists between this injury and the product being imported.

Response by the Applicant

The Applicant stated that the claim by the exporters that the Commission failed to verify the information provided by it with regard to "price suppression; price depression; decline in sales, profits, productivity, cash flow, etc", is insulting to the Commission. All information contained in the application and non-confidential version, was verified at the premises of the Applicant, before initiation of the investigation.

The prima facie information submitted by the Applicant clearly indicates that there is dumping of the subject product from Mozambique, causing material injury, as verified, to the SACU industry.

The exporters are at liberty to provide information to the Commission on the selling prices and cost of production as per the Commission's exporter's questionnaire, which, if properly documented and verifiable, will be considered by the Commission for purposes of its preliminary and final determinations.

Commission's consideration

The Commission noted that the exporters claimed the Applicant's injury was due to other factors; however, they did not provide sufficient evidence to support these claims. The Commission examined the information, which shows that alleged dumped imports from Mozambique increased from 1,476,177 kg to 12,237,332 kg, rising by 728.99%. This surge negatively affected the Applicant's sales volumes, which declined, leading to reduced productivity, price suppression, and a decrease in net profit during the investigation period.

It is also important to note that the impact of dumped imports contributed to a decrease in the Applicant's total market share, while imports increased. Additionally, the Applicant's sales volumes declined in both relative and absolute terms from 2023 to 2025. During this same period, inventories decreased, productivity fell, and growth within SACU market slowed.

The Commission considered that although there are factors other than the dumped imports that contributed to the injury such as increasing production cost of the domestic industry and the economic challenges within the domestic industry, these factors did not sufficiently detract from the causal link between the dumping of the subject product and the material injury.

7.6 SUMMARY ON CAUSAL LINK

The information before the Commission indicates a causal link between the alleged dumped imports from Mozambique and the material injury experienced by the SACU industry. During the investigation period, dumped imports increased substantially, rising from 1.48 million kg in 2023 to 12.24 million kg in 2025, while the Applicant's market share declined from an indexed 100 points to 72 points. At the same time, the domestic industry experienced declining sales volumes, profitability, productivity, growth and market share, together with price suppression and price depression caused by low-priced imports. Although other factors, including rising production costs and broader economic challenges, may have contributed to the injury, the Commission considered that these factors did not detract from the causal relationship between the dumped imports and the material injury suffered by the domestic industry.

The Commission made a preliminary determination that there is a causal link between the dumped imports and material injury and/or a threat of material injury suffered by the SACU industry.

8. SUMMARY OF FINDINGS

8.1 DUMPING

Mozambique

From the best information available, it is evident that the subject product originating in or imported from Mozambique was exported at dumped prices to the SACU market.

The following dumping margins were calculated:

Tariff subheading	Producer	Rate of provisional payments
HS 7305.19	ETG Steel Solutions, Limitada	28,86%
	All the other producers and exporters in Mozambique (excluding ETG Steel Solutions, Limitada)	28,86%

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

8.2 MATERIAL INJURY

Based on the information of the Applicant, it is evident that the Applicant is experiencing material injury in a form of:

Material injury indicator	Analysis
	(2023– 2025)
Price suppression	Increased
Price depression	Decreased
Sales volume	Decreased
Market share	Decreased
Profit	Decreased
Output	Increased

Productivity	Decreased
Return on investment	Increased
Utilisation of production capacity	Increased
Cash flow	Increased
Inventory levels	Decreased
Growth	Decreased
Wages	Decreased

8.3 THREAT OF MATERIAL INJURY

The information before the Commission indicates a threat of material injury to the SACU industry from allegedly dumped imports from Mozambique. Evidence shows substantial freely disposable export-oriented production capacity in Mozambique and a strategic focus on regional export markets, including South Africa, likely to result in continued import penetration. Imports from Mozambique increased significantly over the investigation period, rising from 1.48 million kg in 2023 to 12.24 million kg in 2025 and accounting for 98 per cent of total imports by 2025, while the Applicant lost market share. The low-priced imports resulted in price suppression and price depression, with the Applicant being unable to recover rising production costs, leading to declining profitability.

The Commission made a preliminary determination that a threat of material injury to the SACU industry exists.

8.4 CAUSAL LINK

The information before the Commission evidences a causal link between the alleged dumped imports from Mozambique and the material injury suffered by the SACU industry. During the POI, dumped imports increased significantly, while the Applicant's market share declined from 100 to 72 index points. At the same time, the domestic industry experienced declining sales volumes, profitability, productivity and growth, together with price suppression and price depression caused by low-priced imports. Although

other factors may have contributed to the injury, the Commission considered that these did not detract sufficiently from the causal relationship between the dumped imports and the material injury suffered by the domestic industry.

The Commission made a preliminary determination that there is a causal link between the dumping and the material injury and threat of material injury experienced by the SACU industry.

9. PROVISIONAL DUTY

9.1 Amount of provisional duty

The amounts of the provisional payments were concluded to be:

Tariff subheading	Producer	Rate of provisional payments
HS 7305.19	ETG Steel Solutions, Limitada	28,86%
	All the other producers and exporters in Mozambique (excluding ETG Steel Solutions, Limitada)	28,86%

10. PRELIMINARY DETERMINATION

The Commission made a preliminary determination that there is sufficient information to indicate that:

- dumping of the subject product originating in or imported from Mozambique is taking place;
- the SACU industry is experiencing material injury and a threat of material injury; and
- there is a causal link between the dumped imports of the subject product originating in or imported from Mozambique, and the material injury and threat of material suffered by the SACU industry.

The Commission decided to request the Commissioner of SARS to impose the following provisional measures for a period of 6 months on tubes and pipes commonly referred to as Electric Resistance Welded Pipes and Spiral Welded Pipes Submerged Arc Welded Pipes, classifiable under tariff subheadings 7305.19, originating or imported from Mozambique:

Tariff subheading	Producer	Rate of provisional payments
HS 7305.19	ETG Steel Solutions, Limitada	28,86%
	All the other producers and exporters in Mozambique (excluding ETG Steel Solutions, Limitada)	28,86%