REPORT NO. 728

SUNSET REVIEW OF THE ANTI-DUMPING DUTY ON UNFRAMED GLASS MIRRORS ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA ("CHINA"): FINAL DETERMINATION

The International Trade Administration Commission of South Africa herewith presents its **Report No. 728: SUNSET REVIEW OF THE ANTI-DUMPING DUTY ON UNFRAMED GLASS MIRRORS ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA: FINAL DETERMINATION**

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INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

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SYNOPSIS

On 15 June 2022, the International Trade Administration Commission of South Africa ("the Commission" or "ITAC") notified interested parties through Notice No. 1087 of 2022 in *Government Gazette* No. 46550, that unless a substantiated request is made indicating that the expiry of the anti-dumping duty against imports of unframed glass mirrors originating in or imported from the People's Republic of China ("China") would likely lead to the continuation or recurrence of dumping and injury, the anti-dumping duty on unframed glass mirrors originating in or imported from China would expire on 20 December 2023.

PFG Building Glass, a division of PG Group (Pty) Ltd ("the Applicant"), submitted an application to the Commission on 20 June 2023. After all deficiencies were identified and addressed, an updated application was received on 21 July 2023.

The information submitted by the Applicant was verified on 18 July 2023. A verification report was sent to the Applicant on 20 July 2023. A response to the verification report was received on 26 July 2023. A letter confirming that the application was deemed to be properly documented was sent to the Applicant on 12 September 2023.

On 22 September 2023, the Commission initiated a sunset review of the anti-dumping duties on the subject product, originating in or imported from China through Notice No. 2036 of 2023 published in *Government Gazette* No. 49325.

The investigation was initiated after the Commission considered that the Applicant had submitted *prima facie* information to indicate that there is a likelihood of the recurrence of dumping and the recurrence of material to the Southern African Customs Union ("SACU") industry should the current anti-dumping duties expire.

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

No properly documented responses were received from any manufacturers/exporters or importers.

The Commission made a final determination before essential facts that the expiry of the anti-dumping duty on the subject product originating in or imported from China would lead to the recurrence of dumping and the recurrence of material injury.

On 15 December 2023, essential facts letters were sent to all interested parties, informing them of "essential facts" which were being considered by the Commission and inviting interested parties to comment. No comments on the Commission's essential facts letters were received.

The Commission made a final determination that the expiry of the anti-dumping duty on the subject product originating in or imported from China would likely to lead to the recurrence of dumping and the recurrence of material injury.

The Commission noted that this application was brought based on the recurrence of dumping and material injury. No properly documented responses from the manufacturers of the subject products were received, and therefore the determination of the likelihood of the recurrence of dumping was made on the best information available, being that provided by the Applicant. In these circumstances, it is the Commission's practice to recommend that the anti-dumping duty be maintained at the current levels unless there are compelling reasons to deviate from its practice.

The Commission therefore made a final determination to recommend to the Minister of Trade, Industry and Competition that the current anti-dumping duty on unframed glass mirrors originating in or imported from China be maintained as follows:

Tariff Heading/ Subheading	Description	Imported from or Originating In	Rate of Anti-Dumping Duty
7009.91	Unframed glass mirrors, of a thickness of 2 mm or more but not exceeding 6 mm	China	40.22%

1. APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

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

<u>The analytical framework in sunset review investigations</u>

Regulation 54 of the ADR provides that duties shall remain in place for a period not longer than five years or until a sunset review is finalised, if such sunset review is initiated before the lapse of the anti-dumping duty.

Unlike in an original investigation, in a sunset review, ITAC determines whether the removal of the current anti-dumping duty will likely result in the continuation **or** recurrence of dumping and material injury. This is a forward looking analysis. In other words, whereas in an original investigation historical (past) injury and dumping data is analysed and will be the basis for a decision whether to impose an anti-dumping duty, in a sunset review investigation such historical data serves as a point of comparison against which estimates of future performance, if a duty were removed, are evaluated. This focus on estimates is not only because of the nature of such proceedings, but also because past data will likely be skewed, showing positive trends, in response to the duty that was imposed. Accordingly, critical in a sunset review are estimates because this data is key to assessing the (future) impact of removing an anti-dumping duty on a domestic industry.

Regarding estimates, the ADR provides that the SACU industry is required to provide the Commission with information indicating the likelihood of a continuation or recurrence of dumping and injury in the event that the anti-dumping duty is removed.
In terms of injury, the Commission will consider –

- Whether the SACU industry submitted information to prove that there is a likelihood of the continuation of injury (in instances where imports continued after imposition of duties); and/or
- Whether the SACU industry submitted information to prove that there is a likelihood of the recurrence of injury (in instances where the applicant cannot prove that it is experiencing injury at present).

In terms of dumping, the Commission will consider whether the SACU industry submitted information to prove that there is –

- a likelihood of the continuation of dumping (in instances where imports continued after the imposition of duties) and/or
- a likelihood of the recurrence of dumping (in instances where there were no imports after the imposition of duties).

With respect to the determination of a likelihood of recurrence or continuation of dumping and injury, the Appellate Body in US — Corrosion-Resistant Steel Sunset Review noted that, as this likelihood determination is a prospective determination:

"The authorities must undertake a forward-looking analysis and seek to resolve the issue of what would be likely to occur if the duty were terminated".

In this respect, the Appellate Body pointed to the important difference between original investigations and sunset reviews:

"In an original anti-dumping investigation, investigating authorities must determine whether dumping <u>exists</u> during the period of investigation. In contrast, in a sunset review of an anti-dumping duty, investigating authorities must determine whether the expiry of the duty that was imposed at the conclusion of an original investigation would be likely to lead to continuation or recurrence of dumping."

Finally, the data that is provided by an applicant in a sunset review, although estimates, are not mere conjecture. Rather the data is normally based on the situation that an applicant faced before anti-dumping duties were imposed.

1.2 APPLICANT

The application was lodged by PFG Building Glass, a division of PG Group (Pty) Ltd ("Applicant"), being the only producer for 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 12 September 2023.

1.4 ALLEGATIONS BY THE APPLICANT

The Applicant alleged that the expiry of the anti-dumping duty on the subject product originating in or imported from China would likely lead to the recurrence of dumping and the recurrence of material injury.

The Applicant further alleged that as a result of the recurrence of dumping of the subject product from China, it will experience material injury in the form of:

(a) Increase in volume of imports;
(b) Decline in sales volume;
(c) Decline in gross and net profit;
(d) Decline in output;
(e) Decline in market share;
(f) Decline in return on investment;
(g) Decline in productivity;
(h) Decline in cash flow;
(i) Decline in capacity utilisation;
(j) Ability to raise capital.

1.5 INVESTIGATION PROCESS

The Applicant submitted an application to the Commission on 20 June 2023. The information submitted by the Applicant was verified on 18 July 2023. The verification report was sent to the Applicant on 20 July 2023. A response to the verification report was received on 26 July 2023.

The Commission initiated an investigation into the alleged dumping on unframed glass mirrors, originating in or imported from the China pursuant to Notice No. 2036 of 2023 in *Government Gazette* No. 49325 on 22 September 2023.

Prior to the initiation of the investigation, the trade representatives of the countries concerned were notified of the Commission's intention to investigate, in terms of ADR 27.1. All known interested parties were informed and requested to respond to the questionnaires and the non-confidential version of the application.

1.6 INVESTIGATION PERIODS

The investigation period for dumping was from 1 January 2022 to 31 December 2022, and the injury investigation involved evaluation of data for the period 1 January 2020 to 31 December 2022, and an estimate for 2023 in the event that the anti-dumping duty expires.

The Applicant submitted its application on the basis of the recurrence of dumping and the recurrence of material injury, if the anti-dumping duty expires.

The Applicant requested the Commission to apply a forward-looking analysis and seek to resolve the issue of what would be likely to occur if the anti-dumping duty is to be terminated. Thus, the likelihood determination is a prospective determination – recurrence. The Applicant indicated that although data regarding its financial performance was supplied to the Commission for the period 1 January 2020 to 31 December 2022 and the dumping period of investigation would normally be from 1 January 2022 to 31 December 2022, the estimate period in which there is a likelihood of injurious dumping to recur, should the anti-dumping duty be terminated, is from 01 January 2023 to 31 December 2023.

1.7 COMMENTS

The Commission did not receive any comments from interested parties with regard to the application and procedure.

1.8 PARTIES CONCERNED

1.8.1 SACU industry

The Applicant is the only producer of the subject product in the SACU and represents 100 percent of the domestic production.

1.8.2 Responses by Foreign Manufacturers/Exporters/Importers

No responses were received from any of manufacturers/exporters or importers.

Essential facts letters were sent to all interested parties, informing them of the "essential facts" which were being considered by the Commission and inviting interested parties to comment. No comments on the essential facts letter were received.

1.9 FINAL DETERMINATION AND RECOMMENDATION

As there were no responses or comments from interested parties during the course of the investigation, the Commission decided to make use of the best information available, being that provided by the Applicant. The Commission made a final determination that the expiry of the anti-dumping duty on the subject product originating in or imported from China would likely lead to the recurrence of dumping and the recurrence of material injury.

The Commission made a final determination to recommend to the Minister of Trade, Industry and Competition that the current anti-dumping duty on unframed glass mirrors originating in or imported from China be maintained as follows:

Tariff Heading/ Subheading	Description	Imported from or Originating In	Rate of Anti-Dumping Duty
7009.91	Unframed glass mirrors, of a thickness of 2 mm or more but not exceeding 6 mm	China	40.22%

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 SUBJECT PRODUCT

2.1.1 Description

The subject is described as unframed glass mirrors, of a thickness of 2mm or more but not exceeding 6mm ("subject product").

2.1.2 Like product

In the original investigation the Commission found that the SACU product and the imported product are "like products" for purposes of comparison in terms of Section 1 of the ADR.

2.1.3 Tariff classification

The subject products are classifiable as follows:

Table 2.1.3: Tariff classification

Tariff heading / subheading	Description	Statistical unit	Rate of duty					
			General	**EU**	**EFTA**	**SADC**	**MERCOSUR**	**AfCFTA**
7009	Glass mirrors, whether or not framed, including rear-view mirrors:							
7009.9	- Other:							
7009.91	**- - Unframed**	Kg	15%	free	free	free	15%	12%

2.1.4 Other applicable duties and rebates

The following anti-dumping duties are currently applicable:

Table 2.1.4: Other applicable duty

Item	Tariff heading	Description	Imported from or originating in	Rate of Anti-Dumping duty

213.03	7009.91	Unframed glass mirrors, of a thickness of 2 mm or more but not exceeding 6 mm	India	68,74%
213.03	7009.91	Unframed glass mirrors, of a thickness of 2 mm or more but not exceeding 6 mm (excluding that manufactured by PT Matahari Silverindo Jaya)	Indonesia	6,61%
213.03	7009.91	Unframed glass mirrors, of a thickness of 2 mm or more but not exceeding 6 mm	China	40,22%

3. SACU INDUSTRY

3.1 INDUSTRY STANDING

The Applicant is the only producer of the subject product in the SACU and represents 100 percent of the domestic production.

The Commission made a final determination that the application can be regarded as being made “by or on behalf of the domestic industry” in terms of Regulation 7 of the ADR.

4. CONTINUATION OR RECURRENCE OF DUMPING

4.1 METHODOLOGY IN THIS INVESTIGATION FOR CHINA

As there were no responses received from any manufacturer/exporter in China, the Commission made a final determination to use the best information available, as contemplated in ADR 58.2, being the information provided by the Applicant.

4.1.1 Normal Value

The Applicant stated ADR 54.4 provides that:

"In the event that the SACU industry requests that the Anti-Dumping duty be maintained, it shall provide the Commission with a proper application containing the necessary information to establish a prima facie case that the removal of the Anti-Dumping duty will be likely to lead to the continuation or a recurrence of injurious dumping." (Own emphasis).

The Applicant also stated that as the existence or a continuation of dumping during the period of investigation in SACU is not a prerequisite for a sunset review investigation, the Commission is requested to apply a forward-looking analysis and seek to resolve the issue of what would be likely to occur if the anti-dumping duty is to be terminated. Thus, the likelihood determination is a prospective determination, which in this case is based on the recurrence of dumping and material injury.

The Applicant further stated that it does not have sufficient information to substantiate that there was a continuation of dumping during the January 2022 to December 2022 ("**2022**") period although import prices were extremely low, as it was not able to obtain ex-factory domestic selling prices in China for that period. However, it believes that in 2023 there is, and will be a recurrence of dumping, as the normal values started to increase, while the weighted average export prices in 2023 declined.

The Applicant submitted that if the anti-dumping duty is allowed to expire there will be a recurrence of injurious dumping. To substantiate this recurrence of dumping in the estimated period of 01 January to 31 December 2023 (“**2023**”), an independent consultant, on behalf of the Applicant, obtained a quotation for the domestic selling prices of the subject product in China on 16 May 2023, which falls within the 2023 period.

Using the quotation, the normal values were determined to be as follows:

HS Code	Thickness (mm)	Conversion Factor	CNY/sqm	Price (CNY/kg)	Rand/kg
7009.91	2mm	5.3843	45.82	7.53	20.63
7009.91	3mm	7.8843	35.97	4.04	11.07
7009.91	4mm	10.3843	42.24	3.60	9.86
7009.91	5mm	12.8843	48.40	3.33	9.12
7009.91	6mm	15.3843	56.10	3.23	8.85
		Averages	**45.71**	**4.53**	**11.92**

4.1.2 Export Price

In calculating the export price, the Commission used audited South African Revenue Service (“SARS”) statistics to determine the export price for purposes of initiation and its final determination in the absence of information indicating the same to be unreliable. In order to calculate the export price, import statistics of unframed glass mirrors for the period 1 January 2023 to 31 May 2023 were used.

The export price was calculated to be as follows:

HS Code	Thickness (mm)	Import Volume (Unframed Glass Mirrors) (Kg)	Import Value (Unframed Glass Mirrors) (R)	Average Import Price (Rand/kg)
7009.91	2,3,4,5 & 6mm	329 141	2 648 425	8.05

In order to calculate ex-factory export price, an adjustment for inland transport cost was made.

The following ex-factory export price after adjustments was calculated:

HS Code	Thickness (mm)	Import Volume (Unframed Glass Mirrors) (Kg)	Import Value (Unframed Glass Mirrors) (R)	Average FOB Price (Rand/kg)	Inland Transport Cost Adjustment	Ex-Factory Export Price
7009.91	2,3,4,5 & 6mm	329 141	2 648 425	8.05	(0.40)	7.64

4.1.3 Dumping margin

The following dumping margin was calculated:

Unframed Glass Mirrors	Normal value (Rand)	Export price (Rand)	Margin of dumping (MoD)	MoD as % of Ex-factory export price
2mm, 3mm, 4mm, 5mm & 6mm	11.92	7.64	4.28	55.94%

Based on the best information available, the Commission made a final determination that the expiry of the duty would likely lead to the recurrence of dumping of the subject product originating in or imported from China.

4.2 SUMMARY – DUMPING

The Commission made a final determination that there is sufficient information available to indicate that the expiry of the duty is likely to lead to the recurrence of dumping of the subject product from China.

5. CONTINUATION OF RECURRENCE OF MATERIAL INJURY

The Applicant submitted its application on the basis of the recurrence of material injury if the anti-dumping duty should expire. The Commission therefore applied a forward-looking analysis of what would be likely to occur if the anti-dumping duty is to expire. Although the Applicant submitted information regarding its financial performance for the period 1 January 2020 to 31 December 2022, the Commission's analysis focused on the estimates provided, should the anti-dumping duty expire.

5.1 IMPORT VOLUMES AND EFFECT ON PRICES

5.1.1 Import volumes

The following table shows the volume of allegedly dumped imports of the subject product obtained from SARS:

Table 5.1.1: Import volumes

Country	2020	2021	2022	Estimate if duty expires
Alleged dumped imports (Kg):				
China	879 001	1 488 006	995 769	2 185 891
Other imports (Kg)	933 413	1 847 804	568 317	568 317
Total Imports:	1 812 414	3 335 810	1 564 086	2 754 208
Alleged imports as a % of total imports:				
China	48.50%	44.34%	63.66%	79.37%
Other imports as a % of total imports	51.50%	55.39%	36.34%	20.63%
Total %	100%	100%	100%	100%

The table above indicates that alleged dumped imports from China increased from 879 001 to 1 488 006 kilograms between 2020 and 2021, the imports decreased from 1 488 006 to 995 769 between 2021 and 2022. However, it is estimated to increase should the anti-dumping duty expire.

The table above also indicates that other imports increased from 933 413 to 1 847 804 kilograms between 2020 and 2021, and decreased from 1 847 804 to 568 317 between 2020 and 2021. However, it is estimated to remain unchanged should the anti-dumping duty expire.

The Applicant stated that the import data indicates that the total subject product import volume from China for the period 2020 to 2022, which is the period of investigation ("POI"), presented 50.10 percent of the total SACU import volume. The data indicates that imports from other countries showed a declining trend. The subject product's import prices from China were for each year during the POI lower than the prices from other countries.

The Applicant further stated that the import volume from China in 2011/2012 prior to the imposition of the duty was 2 186 tons. Therefore, it can reasonably be expected that if the anti-dumping duty is allowed to expire, the dumped imports would at least surge again to the same volume as in 2011/2012. The estimate for the 2023 imports, if the anti-dumping duty expires, is based on the actual import volume in 2011/2012 prior to the imposition of the anti-dumping duty. The Applicant stated that the expiry will result in the recapturing of the market share the products from China had prior to the imposition of the anti-dumping duty. Based on the estimated calculations, it would give China a 79,37 percent import market share based on volume. This market share is significant and with the estimated low-price, it will cause material injury to Applicant.

5.2 Effect on Domestic Prices

5.2.1 Price undercutting

Table 5.2.1: Price undercutting

HS 7009.91	China: (R/kg)	2020	2021	2022	2023*	Unsuppressed Price
Applicant's ex-factory price per kg	(Rand/kg)	100	122	137	137	233
China Landed	(Rand/kg)	13,44	12,71	17,62	7,57	7,57
Undercutting	(Rand/kg)	NO	YES	NO	YES	YES
Undercutting as a percentage		N/A	[CONFIDENTIAL] (An increasing variance from the 2020 base value of 100, of between 0 and 30 index points.)	N/A	[CONFIDENTIAL] (An increasing variance from the 2020 base value of 100, of between 170 and 200 index points.)	[CONFIDENTIAL] (An increasing variance from the 2020 base value of 100, of between 250 and 280 index points.)

***The information above was indexed using 2020 as base year, due to confidentiality**

The Applicant stated that there was no price undercutting for 2020 and 2022, due to the anti-dumping duty being in place. The Applicant also stated that in 2021 the Chinese prices dipped to below the 2020 prices, which resulted in undercutting in 2021. Price undercutting occurred again in 2023, during which imports surged. The FOB import price from China for 2023 is based on the weighted average import prices for the period 1 January to 31 March 2023, which indicates that if the Applicant's selling prices in 2023 were kept the same as in 2022, and the anti-dumping duty expired, its prices would be undercut by a substantial margin.

The Applicant further indicated that its selling price in 2023 is also estimated to be further impacted as a result of the cutback in production volumes in the sense that if it wants to retain the same profit margin as in 2022, the price undercutting will be even bigger. Therefore, the importers will turn to Chinese exporters offering product at dumped prices, if the anti-dumping duty is allowed to expire. The Applicant submitted that there is clear evidence of price undercutting, indicating that it will experience material injury if the anti-dumping duty is allowed to expire.

Commission's consideration

The Applicant did not experience price undercutting in 2020 and 2022 but did so in 2021. The Commission has noted that if the forecasted export prices to SACU are used it is evident that for the 2023 period, if the anti-dumping duty expires, price undercutting will occur, leading to the SACU industry experiencing material injury.

5.2.2 Price depression

The table below shows the domestic industry's selling price from 2020 to 2022 and an estimate in the event of the duties expiring:

Table 5.2.2: Price depression

Rand/kg	2020	2021	2022	2023*
Applicant's - ex-factory price	100	122	137	137

***The information above was indexed using 2020 as base year, due to confidentiality**

The table above indicates that the Applicant did not experience price depression during the period of investigation. The Applicant estimated that its selling price would remain the same as those of the 2022 period of investigation should the anti-dumping duty expire.

The Applicant stated that it is evident that it did not experience price depression for the period 2020 to 2022, as a result of the anti-dumping duty that is in place. The Applicant also stated that if the anti-dumping duty is allowed to expire, it will not be able to depress its selling price, as it has to retain the profit margin to allow for it to re-invest and to maintain the plant. However, if the anti-dumping duty is allowed to expire, it is estimated that the product from China will land at prices below those of the Applicant in 2023, causing again material injury to the SACU industry.
The Applicant further stated that as a result of these dumped imports, it will be forced to depress its selling price to retain market share, which would result in it selling at a loss in 2023.

5.2.3 Price suppression

The following table shows the Applicant's cost of production and its selling prices for the subject product for the years 2020 to 2022, and an estimate in the event the duties expire:

Table 5.2.3: Price suppression

HS 7009.91	2020	2021	2022	2023*
Applicant's ex-factory price per kg	100	122	137	137
Applicant's cost (production) per kg	100	108	120	130
Applicant's gross profit per kg	(100)	77	116	(41)
Applicant's gross percentage (%)	(100)	63	85	(30)
Applicant's cost of production as a percentage of ex-factory price (%)	100	89	87	95

***The information above was indexed using 2020 as base year, due to confidentiality**

The table above shows that cost of production as a percentage of ex-factory selling price has decreased during the period of investigation. However, it is estimated to increase should the anti-dumping duties expire.

The Applicant stated that price suppression did occur clearly, price suppression did occur (cost of production as a percentage of the selling price exceeded 90 percent) over the POI, although it slightly improved from 2020, it should be noted that due to cost-to-price ratio in excess of 100 percent in 2020, a high base value does exist. The cost-to-price ratio for 2021 and 2022 were below the 100 percent mark, but were still extremely high. The cost of production increased year-on-year from 2020 to 2022.

The Applicant also stated that in 2020 it experienced a negative gross profit margin, which similar to the cost-to-price ratio establish a base value, that reflect an increasing profit, which remain very low. It is estimated that price suppression will continue in 2023 if the anti-dumping duty expires. This would be as a result of the fact that the SACU industry would not be able to pass on the cost increases in 2023 to the SACU market, due to dumped product being imported without the payment of the anti-dumping duty and also amount to a loss in profit. Therefore, if it increases its selling prices to the unsuppressed level, it will lose sales to the dumped Chinese products. The Applicant further stated that if it reduces its selling price (depress) to the same estimate level of the Chinese imports, it will experience substantial price suppression, selling at a loss, causing Applicant to suffer material injury.

5.3.1 Economic factors and indices having a bearing on the state of the industry

5.3.1.1 Actual and potential decline in volumes

The following table shows the Applicant's sales volumes of unframed glass mirrors in 2020 to 2022, and an estimate in the event the duty expires:

Table 5.1.3.1 (a) Sales volume

HS 7009.91	2020	2021	2022	2023*
Applicant's sales volume in kg (SACU)	100	118	126	[CONFIDENTIAL] (An increasing variance from the 2020 base value of 100, of between 0 and 30 index points, but still below the 2022 level.)

***The information above was indexed using 2020 as base year, due to confidentiality**

The table above shows that total SACU sales volumes increased by 18 index points from 2020 to 2021; increased by 8 index points from 2021 to 2022, increased by 26 index points during the period of investigation. Total sales are estimated to decrease should the anti-dumping duties expire.

The Applicant stated that its sales volumes increased from 2020 to 2022, which was partly possible due to the anti-dumping duty being in place. If the anti-dumping duty on Chinese unframed glass mirrors expires, it is estimated that its sales volumes will decline in 2023 to below the 2021 and 2022 levels, causing material injury to it and placing the sustainability of the mirror manufacturing plant in jeopardy.

The Applicant further stated that, the import volume from China in 2011/2012 prior to the imposition of the duty was 2 186 tons. Therefore, it can reasonably be expected that if the anti-dumping duty expires, the dumped imports would at least surge again to the same volume as in 2011/2012. The Applicant's sales volumes are therefore estimated to decline in 2023, which estimate is based on the impact that the subject product China import volume increase from 2022 to 2023 will have, if the anti-dumping duty expires. The Applicant stated that this would be a significant decrease in Applicant sales compared to 2022, causing material injury to Applicant.

Commission’s consideration

The Commission considered that the table above indicates that the sales volume of the Applicant increased for the period 2020 to 2021 because of the current anti-dumping duties in place, but that the sales volumes will decrease significantly if the anti-dumping duty expires.

Table 5.3.1.1 (b): Sales values

HS 7009.91	2020	2021	2022	2023*
Applicant’s net ex-factory price in SACU (Rand)	100	143	173	141
Other SACU producers (N/A)	na	na	na	na

***The information above was indexed using 2020 as base year, due to confidentiality**

The table above shows that total SACU sales values increased by 43 index points from 2020 to 2021, increased by 30 index points from 2021 to 2022, and increased by 73 index points during the period of investigation. Total sales are estimated to decrease should the anti-dumping duty expire.

The Applicant stated that sales values increased from 2020 to 2022. However, in 2023 it is estimated that the Applicant’s sales volumes will decline and, notwithstanding increasing prices to address price suppression, Applicant sales values will decline even further, which will lead to the recurrence of material injury.

5.3.1.2 Profit

The following table shows the Applicant's profit before interest and tax for the years 2020 to 2022, and an estimate in the event the duty expires:

Table 5.3.1.2: Profit

HS 7009.91	2020	2021	2022	2023*
Kg sold: SACU	100	118	126	[CONFIDENTIAL] (A decrease variance from the 2020 base value of 100, of between 0 and 30 index points.)
Applicant's gross profit margin (%)kg	(100)	63	85	(30)
Applicant's gross profit rand per kg	(100)	77	116	(41)

***The information above was indexed using 2020 as base year, due to confidentiality**

The table above indicates that SACU gross profit per kilogram increased by 33 index points from 2020 to 2021, increased by 39 index points from 2021 to 2022, increased by 16 index points during the period of investigation and it is estimated to decrease should the anti-dumping duty expire.

The Applicant stated that gross profit levels did increase over the POI, but it needs to be noted that in 2020 it realised a loss. Therefore, based on the 2020 base value an increasing profit trend is depicted. Although an increasing trend is depicted, the reality is that the gross profit margins remained very low in 2021 and 2022. However, it is estimated that price suppression will occur in 2023 if the anti-dumping duty is allowed to expire and that a gross loss situation will again materialise in 2023.

The Applicant also stated that if the anti-dumping duty against China is allowed to expire, it is estimated that there will be a considerable increase in imports re-entering the SACU market at dumped prices. The Applicant also stated that it will then lose sales and be required to reduce production, to keep the inventory at reasonable levels. As a result, the production cost will increase. Therefore, it would need to increase its selling prices significantly to maintain the same profit levels in 2023 as in 2022, to prevent it from experiencing substantial injury.

The Applicant stated that with the dumped product in the SACU market it would not be able to increase its selling price, as it will lose sales and therefore profits will be under pressure, causing it to experience material injury.

5.3.1.3 Output

The following table outlines the Applicant's domestic production volume of the subject product for the years 2020 to 2022 and estimate in the event the duty expires:

Table 5.3.1.3: Output

HS 7009.91		2020	2021	2022	2023*	2023**
Applicant's total production of the product concerned						
Unframed Glass Mirrors	Kg	100	118	119	119	[CONFIDENTIAL] (A decrease variance from the 2020 base value of 100, of between 0 and 30 index points.)
Applicant's production for SACU consumption						
Unframed Glass Mirrors	Kg	100	118	126	126	[CONFIDENTIAL] (An increase variance from the 2020 base value of 100, of between 0 and 30 index points.)
Other SACU producers' for SACU consumption						
Estimates data	Kg	0	0	0	0	0
Production for SACU Industry	Kg	100	118	126	126	[CONFIDENTIAL] (An increase variance from the 2020 base value of 100, of between 0 and 30 index points.)

***The information above was indexed using 2020 as base year, due to confidentiality**

The table above indicates that total SACU output increased by 18 index points from 2020 to 2021, increased by 1 index point from 2021 to 2022, increased by 19 index points during the period of investigation and is estimated to decrease should the anti-dumping duty expire.

The Applicant stated there is an increasing trend in output over the period 2020 to 2022. As indicated above, should the anti-dumping duty expire, it is estimated that the imports at dumped prices would again at least reach 2 186 tons and capture a substantial portion of its sales volume. As a result, the Applicant's inventory levels would remain constant, impacting on the cost of production, causing it to experience material injury.

The Applicant also stated that the import volume from China in 2011/2012 prior to the imposition of the duty was 2 186 tons. Therefore, it can reasonably be expected that if the anti-dumping duty is allowed to expire the dumped imports would at least surge again to the same volume as in 2011/2012. Therefore, the sales volumes are estimated to remain constant in 2023, which will have an impact on the costing.

5.3.1.4 Market share

The following table shows the market share for the subject product for the years 2020 to 2022 and an estimate in the event of the expiry of the duty:

Table 5.3.1.4: Market share (Volume)

HS 7009.91	2020	2021	2022	2023*
Applicant's market share	100	118	126	[CONFIDENTIAL] (An increasing variance from the 2020 base value of 100, of between 0 and 30 index points, but still below the 2022 level.)
Other SACU producers' market share	0	0	0	0
Total SACU producers' market share	100	118	126	[CONFIDENTIAL] (An increasing variance from the 2020 base value of 100, of between 0 and 30 index points, but still below the 2022 level.)

Market share of alleged dumped imports by country				
China	879 001	1 488 006	995 769	2 185 891
Market share of other imports	933 413	1 847 804	568 317	568 317
Total market share of imports	1 812 414	3 335 810	1 564 086	2 754 208
Total SACU market (local produced & imports)	100	135	116	116

***The information above was indexed using 2020 as base year, due to confidentiality**

The table above indicates that the Applicant's market share based on sales volumes increased by 18 index points from 2020 to 2021, increased by 8 index points from 2021 to 2022, increased by 26 index points during the period of investigation and is estimated to decrease should the anti-dumping duty expire.

The Applicant stated that the import volume from China in 2011/2012 prior to the imposition of the duty was 2 186 tons. Therefore, it can reasonably be expected that if the anti-dumping duty is allowed to expire the dumped imports would at least surge again to the same volume as in 2011/2012. The Applicant stated that its sales volumes would be estimated to decline in 2023. Therefore, it is estimated that as a result of the declining sales volumes in 2023 and increased imports from China, that the market share of Applicant in 2023 (based on volume) would also decline.

The Applicant further stated there was an increasing trend in its market share over the years 2020 to 2022, although in 2021, its market share decreased from 2020, before increasing in 2022. Should the anti-dumping duty expire, the importers will revert to dumped Chinese imports and it will lose sales volume in 2023 and its sales value will also decline. As a result, its market share (value percentage) will decline in 2023 to a level below that of 2020.

5.3.1.5 Productivity

The following table shows the Applicant's productivity for the subject product for the years 2020 to 2022, and an estimate in the event of the expiry of the duty:

Table 5.3.1.5: Productivity

Kg's	2020	2021	2022	2023*	2023**	2023***
Total production volume (kg)	100	118	119	119	[CONFIDENTIAL] (A decrease variance from the 2020 base value of 100, of between 0 and 30 index points.)	[CONFIDENTIAL] (A decrease variance from the 2020 base value of 100, of between 0 and 30 index points.)
Number of employees (manufacturing only - Direct labour)	100	114	100	100	86	100
Kg per employee	100	103	119	119	119	98

*The information above was indexed using 2020 as base year, due to confidentiality

** Estimate if the duty expires, that would lead to the reduction in SACU sales volume, which requires a decrease in the SACU production volumes and direct labour, whilst achieving to maintain the same productivity level as in 2022.
*** Estimate if the duty expires, leading to the reduction in SACU sales volume, which requires a decrease in the SACU production volumes, whilst maintaining the same direct labour in 2022, but resulting in a decrease in productivity.

The table above indicates that employee productivity increased by 3 index points from 2020 to 2021, increased by 16 Index points from 2021 to 2022, increased by 19 index points during the period of investigation and is estimated to decrease should the anti-dumping duty expire.

5.3.1.6 Return on investment

The following table shows the Applicant's return on investment on earnings before interest and tax basis, and an estimate in the event the duty expires:

Table 5.3.1.6: Return on investment

HS 7009.91	2020	2021	2022	2023*
Net profit (product concerned) (Rand)	(100)	30	73	(53)
Total Investment (product concerned)*** (Rand)	100	99	102	102
Net assets (product concerned)**** (Rand)	100	83	104	87
Return on Total Investment (%) (product concerned)	(100)	30	71	(52)
Return on net assets (%) (product concerned)	(100)	36	70	(61)

***The information above was indexed using 2020 as base year, due to confidentiality**

The table above indicates that return on net assets increased by 36 index points from 2020 to 2021, increased by 34 index points from 2021 to 2022, increased by 70 index points during the period of investigation and is estimated to decrease should the anti-dumping duty expire.

The Applicant stated that although its return on total investment and on net assets of the product concerned show a negative return in 2020, over the period 2020 to 2022 it indicates an increasing positive trend. However, should the anti-dumping duty expire, it is estimated that the return on net assets and total investment would again return to a negative situation, resulting from a decline in sales volume, sales value and profit, caused by the higher dumped import volumes from China that would enter the SACU market.

5.3.1.7 Utilization of production capacity

The following table provides the Applicant's capacity and production for the subject products for the years 2020 to 2022, and an estimate in the event the duty expires:

Table 5.3.1.7: Utilization of production capacity

HS 7009.91	2020	2021	2022	2023*
Applicant's capacity (kg)	100	100	100	100
Applicant's actual production (kg)	100	118	119	119
Applicant's capacity utilisation %	100	118	119	119

***The information above was indexed using 2020 as base year, due to confidentiality**

The above table shows that SACU industry's capacity utilisation increased by 18 index points from 2020 to 2021, increased by 1 index point from 2021 to 2022 and increased by 19 index points during the period of investigation. However, it is estimated to remain constant should the anti-dumping duty expire.

5.3.1.8 Actual and potential negative effects on cash flow

The following table provides the Applicant's cash flow for year 2020 to 2022, and an estimate in the event the duty expires:

Table 5.3.1.8: Cash flow

HS 7009.91	2020	2021	2022	2023*
Cash flow: incoming (Rand)	100	143	174	141
Cash flow: outgoing (Rand)	(100)	(133)	(151)	(154)
Net cash flow (Rand)	(100)	(45)	47	(271)
Debtors (value) Rand	100	143	173	141
Debtors: average days outstanding	100	100	100	100

***The information above was indexed using 2020 as base year, due to confidentiality**

In the table above net cash flow increased by 45 index points from 2020 to 2021, further increased by 92 index points from 2021 to 2022, 147 index points increased during the period of investigation and is estimated to decrease should the anti-dumping duty expire.

The Applicant stated that it experienced negative cash flow in 2020 and 2021, with the situation improving in 2022 to a positive cash flow. The Applicant submits that throughout the period, the SACU industry was under pressure from the subject product in the SACU market. It is estimated that, based on reduced sales value should the anti-dumping duty expire, the net cash flow will decline in 2023 to a negative cash flow and reach its worst level compared to the POI, causing the SACU industry to experience material injury.

5.3.1.9 Inventories

The Applicant provided the following levels of inventories for 2020 to 2022, and an estimate in the event of the expiry of the duty:

Table 5.3.1.9: Inventories

HS 7009.91	2020	2021	2022	2023*
-				
Volumes (Kg)	100	121	103	238
Value (Rand)	100	135	132	303

***The information above was indexed using 2020 as base year, due to confidentiality**

The table above indicates that inventory volumes increased by 21 index points from 2020 to 2021, decreased by 18 index points from 2021 to 2022, increased by 3 index points during the period of investigation and is estimated to increase should the duty be removed. Inventory values increased by 35 index points from 2020 to 2021, decreased by 3 index points from 2021 to 2022, and is estimated to increase should the duty be removed.

The Applicant stated that its aim is to keep inventory levels stable. However, there was an increasing trend over the POI. The import volume from China in 2011/2012 prior to the imposition of the duty was 2 186 tons. Therefore, it can reasonably be expected that if the anti-dumping duty is allowed to expire, that the dumped imports would at least surge again to the same volume as in 2011/2012. The Applicant also stated that its sales volumes would be estimated to decline and production would need to be reduced to maintain similar inventory levels as in 2022.

The Applicant further stated that should it maintain the same production in 2023 as in 2022, with an estimated increase in imports of the subject product in the SACU market, the inventory level, as depicted in the table above, would increase very significantly, which would entail additional storage costs and further negatively affect its cash flow.

5.3.1.10 Employment

The following table shows the Applicant's employment level for the years 2020 to 2022 and an estimate in the event duties expire:

Table 5.3.1.10: Employment

HS 7009.91	2020	2021	2022	2023*
Direct labour (units) : production	100	114	100	100
Indirect labour (units) : production	100	100	67	67
Total labour (units) : production	100	110	90	90
SGA labour (units):	100	50	100	100
Total labour (units) :	100	100	92	92

***The information above was indexed using 2020 as base year, due to confidentiality**

The table above shows that the applicant's employment increased by 14 index points from 2020 to 2021, decreased by 14 index points from 2021 to 2022, and remained the same for the POI and is estimated to remain unchanged should the anti-dumping duty expire.

The Applicant stated that it should be noted that as the subject product is capital intensive, a small number of employees are involved. Therefore, employment is not a meaningful indicator of material injury, although it is estimated that one job will be lost. Should the Applicant be forced to reduce employment, it will be limited to the minimum number of people able to retain a productivity level close to that of 2022. Without having the anti-dumping duty in place, lost production due to the loss of SACU sales volume will prevent any further capital investment, with a possible closure of the plant in due course, which put all the direct labour jobs at risk.

5.3.1.11 Wages

Using the production wages and employment figures sourced from the Applicant, its production wages per employee in respect of the subject product are as follows:

Table 5.3.1.11: Wages

Rands	2020	2021	2022	2023*
Total wages Annually				
Direct Wages: Production	100	121	151	160
Indirect Wages: Production	100	110	144	152
Total labour : production	100	115	147	156
SGA Wages: Production	100	212	167	176
Total wages: Production	100	141	153	161

***The information above was indexed using 2019/2020 as base year, due to confidentiality**

The Applicant stated that the production of the subject product is capital intensive, with not a large number of employees directly involved, which implies that remuneration is not a meaningful indicator of material injury.

The Applicant further stated that wages presented an increasing trend over the POI with a further increase occurring in 2023, due to the consumer price index margin increase that is applied to the 2022 figures. However, should it be forced to reduce employment in 2023, the wage increase in 2023 would be slightly less, but it needs to be remembered that retrenchment costs will be incurred***.***

5.3.1.12 Growth

The following table provides the Applicant's growth information for the years 2020 to 2022 and an estimate in the event the duty expires.

Table 5.3.1.12: Growth

HS 7009.91		2020	2021	2022	2023*
Applicant's sales	kg	100	118	126	[CONFIDENTIAL] (An increasing variance from the 2020 base value of 100, of between 0 and 30 index points.)
Total SACU producers	kg	100	118	126	[CONFIDENTIAL] (An increasing variance from the 2020 base value of 100, of between 0 and 30 index points.)
Imports:					
China	kg	879 001	1 488 006	995 769	2 185 891
Other countries	kg	933 413	1 847 804	568 317	568 317
Total imports	kg	1 812 414	3 335 810	1 564 086	2 754 208
Total SACU Market	kg	100	135	116	116

***The information above was indexed using 2019/2020 as base year, due to confidentiality**

The Applicant indicated that it experienced positive growth over the POI. The subject product imported from China showed substantial growth over the POI, although in 2022 compared with 2021, it experienced negative growth. The Applicant stated it believed that the anti-dumping duty that is in place, played an important role in allowing it to achieve growth over the POI, despite the fact that there was still Chinese dumped product in the SACU market.

The import volume from China in 2011/2012 prior to the imposition of the duty was 2 186 tons. Therefore, it can reasonably be expected that if the anti-dumping duty is allowed to expire the dumped imports would at least surge again to the same volume as in 2011/2012. The sales volumes are estimated to decline. It is estimated that this would result in significant negative growth in 2023, causing the Applicant to continue to suffer material injury, while the imports from China would experience a considerable increase in growth.

The Applicant further stated that both the total SACU market volumes and the estimated import volumes from other countries are expected to be the same in 2023 as in 2022, with only Chinese imports expected to increase and negatively impact the SACU Industry's sales volumes and negatively affect the SACU industry's future growth.

5.3.1.13 Ability to raise capital or investments

The following table shows the Applicant's ability to raise capital and investment for the years 2020 to 2022, and an estimate in the event the duty expires:

Table 5.3.1.13: Ability to raise capital or investment

HS 7009.91 (Rands)	2020	2021	2022	2023*
Total capital/investment in the subject product	100	99	102	102
Capital expenditure during year on subject product	0	0	100	0
Total capital/investment in the subject product Net Asset	100	83	104	87

***The information above was indexed using 2019/2020 as base year, due to confidentiality**

The table above shows that the Applicant's investment in the subject product decreased by 17 index points from 2020 to 2021, increased by 21 index points from 2021 to 2022, increased by 4 index points during the period of investigation and is estimated to decrease should the anti-dumping duty expire.

The Applicant stated that reductions in sales/production volumes which are expected should the anti-dumping duty expire, will prevent any further capital investment and increase the risk of the closure of the plant.

5.4 SUMMARY – RECURRENCE OF MATERIAL INJURY

It is evident from the information submitted by the Applicant that although it did not experience material injury over the period of investigation, there is a likelihood of recurrence of material injury should the anti-dumping duty expire.

The Commission made a final determination that expiry of the duty would likely lead to the recurrence of material injury by the subject products originating in or imported from China.

6. SUMMARY OF FINDINGS

6.1 Continuation or recurrence of dumping

From the information available, it is evident that the expiry of the anti-dumping duty imposed on the subject product would likely lead to the recurrence of dumping of the subject product originating in or imported from China.

6.2 Continuation or recurrence of material injury

There is sufficient information to indicate that if the anti-dumping duty expire, the SACU industry would experience a recurrence of material injury in the form of:

(a) Increase in volume of imports;
(b) Decline in sales volume;
(c) Decline in gross and net profit;
(d) Decline in output;
(e) Decline in market share;
(f) Decline in return on investment;
(g) Decline in productivity;
(h) Decline in cash flow;
(i) Decline in capacity utilisation;
(j) Ability to raise capital.

7. FINAL DUTIES

7.1 Amount of duties

The table below is provided for the purposes of comparison between the applicable anti-dumping duties and the calculated anti-dumping margins in the investigation:

Tariff Heading/ Subheading	Description	Imported from or Originating In	Rate of Anti-Dumping Duty	Calculated dumping margin
7009.91	Unframed glass mirrors, of a thickness of 2 mm or more but not exceeding 6 mm	China	40.22%	55.94%

The above table compares the current anti-dumping duty with the calculated dumping margin. As no properly documented responses from the manufacturers of the subject products in China were received, and therefore the determination of the likelihood of the recurrence of dumping is made on the best information available, being that provided by the Applicant. In these circumstances, it is the Commission's practice is to recommend that the anti-dumping duty be maintained at the current levels unless there are compelling reasons to deviate from its practice.

The Commission made a final determination to the Minister of Trade, Industry and Competition that the existing duty on the subject products originating in or imported from China be maintained.

8. RECOMMENDATION

The Commission made a final determination that there is sufficient information to indicate that the expiry of the duty would lead to the recurrence of dumping and the recurrence of material injury.

The Commission therefore decided to recommend to the Minister of Trade, Industry and Competition that the current anti-dumping duty on unframed glass mirrors originating in or imported from China be maintained as follows:

Tariff Heading/ Subheading	**Description**	**Imported from or Originating In**	**Rate of Anti-Dumping Duty**
7009.91	Unframed glass mirrors, of a thickness of 2 mm or more but not exceeding 6 mm	China	40.22%