

**REPORT NO. 481**

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

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



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**17/07/2014**

# **INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SA**

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

### **SYNOPSIS**

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

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

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

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

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

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

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

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

## **1. APPLICATION AND PROCEDURE**

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### **1.1 LEGAL FRAMEWORK**

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

### **1.2 APPLICANT**

The application was lodged by Saint Gobain Constructions Products SA (Pty) Ltd (Saint Gobain), being the major manufacturer of gypsum plasterboard in the SACU market.

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

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

### **1.4 INVESTIGATION PROCESS**

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

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

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

## **1.5 INVESTIGATION PERIOD**

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

## **1.6 PARTIES CONCERNED**

### **1.6.1 SACU industry**

The SACU's production is as follows:

Company	Production
Saint Gobain	>50
Lafarge Gypsum	<50

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

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

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

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

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

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

### **1.6.3 Importers**

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

## **1.7 COMMENTS**

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

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

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

## **1.8 FINAL DETERMINATION**

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

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

<b>Country</b>	<b>Rate of anti-dumping duty</b>
Thailand	45%
Indonesia	34.6%

## 2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

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### 2.1 IMPORTED PRODUCTS

#### 2.1.1 Description

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

#### 2.1.2 Tariff classification

The subject product is classifiable as follows:

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

#### 2.1.3 Country of origin/export

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

#### 2.1.4 Application/end use

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

## 2.1.5 Production process

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

## 2.2 SACU PRODUCT

### 2.2.1 Description

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

### 2.2.2 Application/end use

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

### 2.2.3 Tariff classification

The SACU product is classifiable under the following tariff subheadings:

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

#### **2.2.4 Production process**

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

### **2.3 LIKE PRODUCTS**

#### **2.3.1 General**

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

#### **2.3.2 Analysis**

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

### 3. SACU INDUSTRY

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#### 3.1 INDUSTRY STANDING

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

The Applicant's production market share is as follows:

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

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

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

#### 4. CONTINUATION OR RECURRENCE OF DUMPING

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The margin of dumping is calculated by subtracting the export price from the normal value of the product (after all adjustments have been made). The margin is then expressed as a percentage of the f.o.b. export price. If the margin is less than two percent, it is regarded as *de minimis* in terms of ADR 12.3 and no anti-dumping duty will be imposed.

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

###### 4.1.1 Normal value

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

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

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

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

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

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

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

No adjustments were claimed.

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

The normal values were therefore calculated to be as follows:

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

#### 4.1.2 Export price

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

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

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

- Volumes exported to Vietnam are comparable to the volumes exported to SACU;  
As per ITAC report 287: "Sunset review of the anti-dumping duties on Gypsum Plasterboard originating in or imported from Thailand and Indonesia: Final Determination" the import quantity from Indonesia for 2006 was 2 385 724 kg and for 2007 3 248 150 kg;  
As per the export statistics obtained the export quantity to Vietnam was 2 691 411kg and is therefore comparable to the volumes previously exported to SACU;
- Customers exported to in that country are comparable to the customers exported to in SACU;  
Given that the product is used for construction, it will be sold to wholesalers / distributors, which will place it to individual hardware stores; and
- The country exported has a domestic manufacturing industry.

The export prices were therefore calculated to be as follows:

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

#### 4.1.3 Margin of dumping

The following dumping margins were therefore calculated:

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

## **4.2 METHODOLOGY FOR ALL MANUFACTURERS/EXPORTERS FROM THAILAND**

### **4.2.1 Normal value**

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

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

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

<b>Sizes</b>	<b>BHT per piece</b>	<b>Discount</b>	<b>Price after discount</b>
9 mm	238	49%	121.38
12 mm	288	49%	146.88

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

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

The normal values were calculated to be as follows:

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

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

#### 4.2.2 Export price

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

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

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

The export prices were therefore calculated to be as follows:

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

#### 4.2.3 Margin of dumping

The following dumping margins were therefore calculated:

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

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

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

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

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

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

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

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

## 5. CONTINUATION OR RECURRENCE OF MATERIAL INJURY

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### 5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

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

SACU Production	% of Production
Saint Gobain	>50
Lafarge Gypsum	<50
Total SACU	100

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

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

### 5.2 IMPORT VOLUMES AND EFFECT ON PRICES

#### 5.2.1 Import volumes

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

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

## 5.2.2 Effect on Domestic Prices

### Price undercutting

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

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

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

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

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

## Price depression

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

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

### January – December:

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

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

### January – August:

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

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

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

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

### **Price suppression**

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

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

#### **January – December:**

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

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

