

DEPARTMENT OF TRADE AND INDUSTRY
NOTICE 727 OF 2018
INTERNATIONAL TRADE ADMINISTRATION COMMISSION

**NOTICE OF INITIATION OF AN INVESTIGATION INTO THE ALLEGED DUMPING OF
POLYETHYLENE TEREPHTHALATE IMPORTED FROM THE PEOPLE'S REPUBLIC OF
CHINA**

The International Trade Administration Commission (the Commission) accepted an application alleging that polyethylene terephthalate (PET) imported from the People's Republic of China (PRC) is being dumped in the Southern African Customs Union (SACU) market, causing material injury and threatening to cause material to the SACU industry concerned.

The applicant submitted sufficient evidence and established a *prima facie* case to enable the Commission to arrive at a reasonable conclusion that an investigation should be initiated on the basis of dumping, material injury, threat of material injury and causality.

THE APPLICANT

The application was lodged by Safripol, a division of Kap Diversified Industrial (formerly known as Hosaf, a division of Kap Diversified Industrial), a manufacturer of the subject product in the SACU market. Safripol constitutes 59.6 percent of the SACU production volume of the subject product. The application by Safripol is supported by Extrupet, Plastics SA and Petco.

Safripol provided injury information in this regard, and constitutes a major proportion of the total SACU production.

THE PRODUCT

The product allegedly being dumped is PET, classifiable under tariff subheading 3907.6 originating in or imported from the PRC.

THE ALLEGATION OF DUMPING

The allegation of dumping is based on the comparison between the normal value and the export price from the PRC. The normal value was determined based on weekly price reports from PCI Wood Mackenzie, said to be a leading provider of commercial intelligence in upstream and refining of chemicals, polymers and fibres.

The export price was based on official import statistics obtained from the South African Revenue Services.

On this basis, the Commission found that there was *prima facie* proof of dumping.

THE ALLEGATION OF MATERIAL INJURY

The applicant submitted evidence to show that there is price suppression and price depression. The applicant's information also indicated a decline in sales volumes, decline in production, decline in capacity utilisation, decline in profits, decline in productivity, negative returns on investment, negative net cash flow, loss of market share and an increase in inventories.

On this basis, the Commission found that there was *prima facie* proof of material injury to the SACU industry.

THE ALLEGATION OF THREAT OF MATERIAL INJURY

The applicant submitted information indicating that there is freely disposable capacity by exporters in the PRC, significant increase of allegedly dumped imports into the SACU market which indicates the likelihood of substantially increased importation and that the subject product is entering the SACU market at prices that will have a significant depressing and suppressing effect on SACU prices and are likely to increase demand for further imports due to the high levels of overcapacity in China and the ease with which they increased their exports to SACU suggest that they have significant inventories of PET which they will be able to export.

On this basis the Commission found that there was *prima facie* proof of a threat of material injury to the SACU industry.

CAUSAL LINK

On this basis, the Commission found that there was *prima facie* proof of material injury and further threat of material injury to the SACU industry, and that there is a causal link between the alleged dumped imports, the material injury suffered by the SACU industry and the further threat of material injury to SACU industry.

PERIOD OF INVESTIGATION

The period of investigation for purposes of determining the dumping margin is from 01 July 2017 to 30 June 2018. The period of investigation for purposes of determining the material injury is from 01 July 2015 to 30 June 2018.

LEGAL PROCEDURAL FRAMEWORK

Having decided that there is sufficient evidence and a *prima facie* case to justify the initiation of an investigation, the Commission has begun an investigation in terms of section 16 of the International Trade Administration Act, 2002 (the ITA Act). The Commission will conduct its investigation in accordance with the relevant sections of the ITA Act and the Anti-Dumping Regulations of the International Trade Administration Commission (ADR).

Both the ITA Act and the ADR are available on the Commission's website (www.itac.org.za) or from the Trade Remedies section, on request.

PROCEDURES AND TIME LIMITS

In order to obtain the information it deems necessary for its investigation, the Commission will send non-confidential versions of the application and questionnaires to all known importers and exporters, and known representative associations. The trade

representative of the PRC have also been notified. Importers and other interested parties are invited to contact the Commission as soon as possible in order to determine whether they have been listed and were furnished with the relevant documentation. If not, they should immediately ensure that they are sent copies. The questionnaire has to be completed and any other representations must be made within the time limit set out below.

The Senior Manager: Trade Remedies II, should receive all responses, including non-confidential copies of the responses, not later than 30 days from the date hereof, or from the date on which the letter accompanying the abovementioned questionnaire was received. The said letter shall be deemed to have been received seven days after the day of its dispatch.

Late submissions will not be accepted except with the prior written consent of the Commission. The Commission will give due consideration to written requests for an extension of not more than 14 days on good cause shown (properly motivated and substantiated), if received prior to the expiry of the original 30-days period. Merely citing insufficient time is not an acceptable reason for extension. Please note that the Commission will not consider requests for extension by the Embassy on behalf of exporters.

The information submitted by any party may need to be verified by the Investigating Officers in order for the Commission to take such information into consideration. The Commission may verify the information at the premises of the party submitting the information, within a short period after the submission of the information to the Commission.

Parties should therefore ensure that the information submitted would subsequently be available for verification.

It is planned that verification of the information submitted by the exporters will take place within three to five weeks subsequent to submission of the information. This period will

only be extended if it is not feasible for the Commission to do it within this time period or upon good cause shown, and with the prior written consent of the Commission, which should be requested at the time of the submission. It should be noted that unavailability of, or inconvenience to consultants will not be considered to be good cause.

Parties should also ensure when they engage consultants that they will be available at the requisite times, to ensure compliance with the above time frames. Parties should also ensure that all the information requested in the applicable questionnaire is provided in the specified detail and format.

The questionnaires are designed to ensure that the Commission is provided with all the information required to make a determination in accordance with the rules of Anti-Dumping Agreement. The Commission may therefore refuse to verify information that is incomplete or does not comply with the format in the questionnaire, unless the Commission has agreed in writing to a deviation from the required format. A failure to submit an adequate non-confidential version of the response that complies with the rules set out under the heading *Confidential Information* will be regarded as an incomplete submission.

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

Any interested party may request an oral hearing at any stage of the investigation in accordance with Section 5 of the ADR, provided that the party indicates reasons for not relying on written submission only. The Commission may refuse an oral hearing if granting such hearing will unduly delay the finalisation of a determination.

Parties requesting an oral hearing shall provide the Commission with a detailed agenda for, and a detailed version, including a non-confidential version, of the information to be discussed at the oral hearing at the time of the request.

If the required information and arguments are not received in a satisfactory form within the time limit specified above, or if verification of the information cannot take place, the Commission may disregard the information submitted and make a finding on the basis of the facts available to it.

ADDRESS

The response to the questionnaire and any information regarding this matter and any arguments concerning the allegation of dumping and the resulting threat of material injury must be submitted in writing to the following address:

Physical address

The Senior Manager: Trade Remedies II
International Trade Administration Commission
Block E – The DTI Campus
77 Meintjies Street
SUNNYSIDE
PRETORIA

Postal address

The Senior Manager:
Trade Remedies II
Private Bag X753
PRETORIA
0001
SOUTH AFRICA

Enquiries may be directed to the investigating officer, Mr Siphumelele Mkwazi at +27 12 394 3742 or Ms Portia Mathebula at +27 12 394 1456.