
GENERAL NOTICES • ALGEMENE KENNISGEWINGS

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NOTICE 1681 OF 2023

INTERNATIONAL TRADE ADMINISTRATION COMMISSION

INVESTIGATION INTO THE ALLEGED DUMPING OF NON-ARTICULATED WELDED LINK CHAINS WHICH ARE MANUFACTURED FROM ROUND SECTION IRON OR STEEL WIRE, BARS OR RODS OF A DIAMETER OF 4 MM OR MORE, BUT NOT EXCEEDING 20 MM ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA (CHINA): FINAL DETERMINATION

McKinnon Chain, a Division of Scaw South Africa (Pty) Ltd submitted an application to the International Trade Administration Commission of South Africa ("the Commission") alleging that non-articulated welded link chains manufactured from round section iron or steel wire, bars or rods of a diameter of 4 mm or more, but not exceeding 20 mm ("welded link chains"), are being dumped on the Southern African Customs Union ("SACU") market, causing material injury and a threat of material injury to the SACU industry.

The Commission subsequently initiated an anti-dumping investigation into the alleged dumping of welded link chains originating in or imported from China, through Notice No. 564 of 2021 in *Government Gazette* No. 45176 dated 17 September 2021.

On the basis of the information available, the Commission made a preliminary determination that the subject product originating in or imported from China was dumped onto the Southern African Customs Union ("SACU") market causing material injury and a threat of material injury to the SACU industry. The Commission's preliminary findings are contained in its Preliminary Report No. 686 ("Preliminary Report").

On 01 April 2022, the South African Revenue Service ("SARS") imposed provisional anti-dumping measures on the subject product pursuant to Notice No. R. 180 of 2022 in *Government Gazette* No. 46165.

Subsequently, the Commission invited comments from all known interested parties on its preliminary determination.

The Commission made a final determination that dumping of the subject product originating in or imported from China was taking place, causing material injury and a threat of material injury to the SACU industry.

The Commission therefore recommended to the Minister of Trade, Industry and Competition (“the Minister”) that anti-dumping duties be imposed on welded link chains which are manufactured from round section iron or steel wire, bars or rods of a diameter of 4 mm or more, but not exceeding 20 mm, originating in or imported from China.

In considering the Commission’s recommendation, the Minister noted, inter alia, that the volumes of the alleged dumped imports declined over the investigation period. The Minister further observed based on the Commission’s report that the decline in imports was more rapid than the rate of decline in domestic consumption. The Commission’s recommendation also indicated that there had been a significant reduction in imports from China over the period of the investigation. The Minister further noted that the overall market share of the Applicant appeared to be rising over the period of investigation.

Regarding the impact on prices, the Minister noted, inter alia, that the Applicant’s ex-factory selling price increased over the investigation period and that the Applicant did not experience price undercutting over the period of investigation.

In the case of the impact on the Applicant, the Minister noted, inter alia, that while the profitability and return on investment were negative for much of the investigation period, these operational measures improved across the period and were positive for HS 7315.82.05 in 2021. The Minister further noted that productivity had improved over the period for both products.

Furthermore, the Minister found that although the information available indicated that sales volumes, output and capacity utilization all declined over the investigation period, these declines appeared to be in line with broader trends in the economy, resulting from economic disruptions caused by and associated with COVID-19. The Minister further noted that the declines indicate that the Applicant appears to be performing better than reported

declines in consumption levels, suggesting a marginal improvement in performance relative to the available market.

Regarding the threat of material injury, the Minister, inter alia, noted that China had increased its freely disposable capacity, the evidence contained in the Commission's report indicated a significant reduction in imports from China over the period of the investigation.

The Minister therefore decided to reject the Commission's recommendation. This rejection was based on the Minister's belief that the Commission's recommendation did not duly empower him to establish, to a reasonable degree of certainty, that material injury or the threat of it from dumped imports, had been inflicted on the applicant.

Recognising that as the global economy recovers from the impact of the COVID-19 pandemic, circumstances may change, the Minister further requested the Commission to monitor imports of the subject product and to act where required to protect the local industry from unfair trade.

Should you have any queries, please do not hesitate to contact Ms Regina Peta at RPeta@itac.org.za or Mr Emmanuel Manamela at EManamela@itac.org.za.