

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NOTICE 508 OF 2020

INTERNATIONAL TRADE ADMINISTRATION COMMISSION

**NOTICE OF INVESTIGATION INTO THE ALLEGED DUMPING OF PASTA
ORIGINATING IN OR IMPORTED FROM EGYPT, LATVIA, LITHUANIA AND
TURKEY**

Bolux Group (Pty) Ltd, Namib Mills (Pty) Ltd, Pioneer Foods (Pty) Ltd and Tiger Brands Limited (The Applicant) submitted an application to the Commission alleging that pasta originating in or imported from Egypt, Latvia, Lithuania and Turkey is being dumped on the Southern African Customs Union (SACU) market, causing material injury and a threat of material injury to the SACU industry concerned.

THE APPLICANT

The application was lodged by Bolux Group (Pty) Ltd, Namib Mills (Pty) Ltd, Pioneer Foods (Pty) Ltd and Tiger Brands Limited. The Applicant alleges that the dumped product is causing material injury and that a threat of material injury exists. 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 PRODUCT

The product allegedly being dumped is pasta, classifiable under tariff subheading 1902.19 originating in or imported from Egypt, Latvia, Lithuania and Turkey.

The Applicant indicated that there is a possibility that pasta products are incorrectly cleared as pasta containing eggs (classifiable under HS 1902.11), in order to avoid the payment of the applicable ad valorem duty, which two product categories are fully substitutable. Therefore, the Commission decided that anti-dumping duties imposed on pasta (classifiable

under tariff subheading HS 1902.19), if any, will also be applied to pasta containing eggs (classifiable under tariff subheading HS 1902.11), as these products are like products.

THE ALLEGATION OF DUMPING

The allegation of dumping is based on the comparison between the normal values in Egypt, Latvia, Lithuania and Turkey and the export prices from Egypt, Latvia, Lithuania and Turkey respectively.

The normal values for Egypt, Latvia, Lithuania and Turkey were determined based on Research Report by an independent and reputed market research company appointed by an Applicant to obtain the domestic prices in Egypt, Latvia, Lithuania and Turkey on behalf of the SACU Industry. The export prices were determined based on import statistics from the South African Revenue Services (SARS). The dumping margins were calculated taking the adjustment claimed for inland transportation cost on export prices into account. On this basis, the Commission found that there was *prima facie* proof of dumping of the subject product from Egypt, Latvia, Lithuania and Turkey. The dumping margins were calculated as follows:

Country	Dumping margin
Egypt	43.27%
Latvia	68.41%
Lithuania	2.45%
Turkey	367.25%

THE ALLEGATION OF MATERIAL INJURY; THREAT OF MATERIAL INJURY AND CAUSAL LINK - CUMULATIVE ASSESSMENT

There are four countries involved in this investigation, namely Egypt, Latvia, Lithuania and Turkey. In terms of the ADR16.3, the Commission may cumulatively assess the effect of the dumped imports only if it finds that cumulating is appropriate. In light of the information available, the Commission decided to do a cumulative assessment of the effect of the dumped imports from Egypt, Latvia, Lithuania and Turkey.

The Applicant submitted evidence showing price undercutting, price depression, price suppression, a decline in net profit, cash flow, market share, return on investment and employment from 2017 to 2019.

The applicant alleged that a threat of material injury exist and submitted evidence with regards to the freely disposable capacity of the exporters, significant increase of the alleged dumped

imports, the state of the economy in Egypt, Latvia, Lithuania and Turkey and prices of imports which will have a significant depressing or suppressing effect on domestic prices.

On this basis the Commission found that there was *prima facie* proof of material injury; a threat of material injury and causal link.

PERIOD OF INVESTIGATION

The period of investigation for purposes of determining the dumping margin in the exporting country of origin will be from 1 January 2019 to 31 December 2019. The period of investigation for purposes of determining material injury will be from 1 January 2017 to 31 December 2019.

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 of South Africa (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.

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 representatives of the exporting countries 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.

CONFIDENTIAL INFORMATION

Please note that if any information is considered to be confidential then a non-confidential version of the information must be submitted for the public file, simultaneously with the confidential version. In submitting a non-confidential version the following rules are strictly applicable and parties must indicate:

- is under oath or penalty of perjury and this serves as evidence to its veracity and is required for court proceedings

- . where confidential information has been omitted and the nature of such information;
- reasons for such confidentiality;
- a summary of the confidential information which permits a reasonable understanding of the substance of the confidential information; and
- In exceptional cases, where information is not susceptible to summary, a sworn affidavit setting out the reasons why it is impossible to comply should be provided.

A sworn affidavit is defined as a written sworn statement of fact voluntarily made by an affiant or deponent under an oath or affirmation administered by a person authorized to do so by law. Such statement is witnessed as to the authenticity of the affiant's signature by a taker of oaths, such as a notary public or commissioner of oaths. An affidavit is a type of verified statement or showing, or in other words, it contains verification, meaning it

This rule applies to all parties and to all correspondence with and submissions to the Commission, which unless indicated to be confidential and filed together with a non-confidential version, will be placed on the public file and be made available to other interested parties.

If a party considers that any document of another party, on which that party is submitting representations, does not comply with the above rules and that such deficiency affects that party's ability to make meaningful representations, the details of the deficiency and the reasons why that party's rights are so affected must be submitted to the Commission in writing forthwith (and at the latest 14 days prior to the date on which that party's submission is due). Failure to do so timeously will seriously hamper the proper administration of the investigation, and such party will not be able to subsequently claim an inability to make meaningful representations on the basis of the failure of such other party to meet the requirements.

Subsection 33(1) of the ITA Act provides that any person claiming confidentiality of information should identify whether such information is *confidential by nature* or is *otherwise confidential* and, any such claims must be supported by a written statement, in each case, setting out how the information satisfies the requirements of the claim to confidentiality. In the alternative, a sworn statement should be made setting out reasons why it is impossible to comply with these requirements.

Section 2.3 of the ADR provides as follows:

"The following list indicates "information that is by nature confidential" as per section 33(1) (a) of the Main Act, read with section 36 of the Promotion of Access to Information Act (Act 2 of 2000):

- (a) *management accounts;*
- (b) *financial accounts of a private company;*
- (c) *actual and individual sales prices;*
- (d) *actual costs, including cost of production and importation cost;*
- (e) *actual sales volumes;*
- (f) *individual sales prices;*
- (g) *information, the release of which could have serious consequences for the person that provided such information; and*
- (h) *information that would be of significant competitive advantage to a competitor;*

Provided that a party submitting such information indicates it to be confidential.”

ADDRESS

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

Physical address

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

Postal address

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

PROCEDURES AND TIME LIMITS

All responses, including non-confidential copies of the responses, should be received by the Senior Manager: Trade Remedies I 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-day period. Merely citing insufficient time is not an acceptable reason for extension. Please note that the Commission will not consider requests for extension by Embassies 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 will subsequently be available for verification. It is planned to do the verification of the information submitted by the exporters 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 above 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.

Should you have any queries, please do not hesitate to contact the investigating officers Mr Zuko Ntsangani at telephone number + 27 12 394 3662, or Ms Charity Mudzwiri at +27 12 394 1817 and fax number +27 12 394 0518.