

Report No. 714

**INVESTIGATION INTO THE ALLEGED DUMPING OF NEW PNEUMATIC
TYRES OF RUBBER OF A KIND USED ON MOTOR CARS
(CLASSIFIABLE UNDER TARIFF SUBHEADINGS HS 4011.10.01, HS
4011.10.03, HS 4011.10.05, HS 4011.10.07, AND HS 4011.10.09) AND ON
BUSES OR LORRIES (CLASSIFIABLE UNDER TARIFF SUBHEADINGS
HS 4011.20.16, HS 4011.20.18, AND HS 4011.20.26) ORIGINATING IN OR
IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA: FINAL
DETERMINATION**

The International Trade Administration Commission of South Africa herewith presents its **Report No. 714: INVESTIGATION INTO THE ALLEGED DUMPING OF NEW PNEUMATIC TYRES OF RUBBER OF A KIND USED ON MOTOR CARS (CLASSIFIABLE UNDER TARIFF SUBHEADINGS HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, AND HS 4011.10.09) AND ON BUSES OR LORRIES (CLASSIFIABLE UNDER TARIFF SUBHEADINGS HS 4011.20.16, HS 4011.20.18, AND HS 4011.20.26) ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA: FINAL DETERMINATION**



AYABONGA CAWE
CHIEF COMMISSIONER

PRETORIA
30/05/2023

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

INVESTIGATION INTO THE ALLEGED DUMPING OF NEW PNEUMATIC TYRES OF RUBBER OF A KIND USED ON MOTOR CARS (CLASSIFIABLE UNDER TARIFF SUBHEADINGS HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, AND HS 4011.10.09) AND ON BUSES OR LORRIES (CLASSIFIABLE UNDER TARIFF SUBHEADINGS HS 4011.20.16, HS 4011.20.18, AND HS 4011.20.26) ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA: FINAL DETERMINATION

SYNOPSIS

On 31 January 2022, the International Trade Commission of South Africa (“the Commission”) initiated an investigation into the alleged dumping of new pneumatic tyres of rubber of a kind used on motor cars (classifiable under tariff subheadings HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, and HS 4011.10.09) and on buses or lorries (classifiable under tariff subheadings HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26) originating in or imported from the People’s Republic of China (“PRC”) through Notice No. 795 of 2022 of *Government Gazette* No. 45851. On 09 February 2022, correction Notice No. 809 of *Government Gazette* No. 45891, was also published to rectify a printing error.

The South African Tyre Manufacturing Conference (“SATMC”/“Applicant”), a SACU industry body, lodged the application on behalf of its members. The members of the SATMC are Bridgestone South Africa (Pty) Ltd., Continental Tyre South Africa (Pty) Ltd., Goodyear South Africa (Pty) Ltd., and Sumitomo Rubber South Africa (Pty) Ltd. These members together constitute 100% of the domestic production of the subject products in SACU.

The investigation was initiated after the Commission considered that there was *prima facie* evidence to show that the subject products were being imported into the Southern African Customs Union (SACU) at dumped prices, causing material injury and a threat of material injury to the SACU industry.

Upon initiation of the investigation, the diplomatic representatives and all known foreign producers/exporters of the subject products in the PRC were sent a non-confidential copy of the application, initiation notice and the foreign producers/exporter’s questionnaires to complete. Known importers of the subject products in SACU were

also sent a non-confidential copy of the application, initiation notice and the importer's questionnaires to complete.

Responses to the Commission's exporter and importer questionnaires were received from more than 62 foreign producers/exporters and 18 importers respectively. Comments were also received from the Importers Association in SACU and the Tyre Industry Association in the PRC. Due to the large number of responses received, and after considering available resources, the Commission at its meeting of 12 April 2022 made a determination to limit its investigation (commonly referred to as sampling) to a reasonable number of parties by using the largest percentage of exports from the PRC which can be reasonably investigated and to commence a consultation process with all producers/exporters. All interested parties were notified of this determination, and comments were received from interested parties.

After consultations with producers/exporters and considering responses from producers/exporters and other comments received from interested parties, the Commission, based on best available information, made a preliminary determination that new pneumatic tyres of rubber of a kind used on motor cars (classifiable under tariff subheadings HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, and HS 4011.10.09) and on buses or lorries (classifiable under tariff subheadings HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26) originating in or imported from the PRC were being dumped into the SACU market, causing material injury and a threat of material injury to the SACU industry. The Commission further decided to request the Commissioner for the South African Revenue Service ("SARS") to impose provisional payments for a period of six months in order to protect the SACU industry while the investigation continued.

Provisional payments were imposed through *Government Gazette* No.46874, effective from 09 September 2022 up to and including 08 March 2023.

The Commission's reasons for its preliminary determination are contained in the Preliminary Report No. 700. The report was issued to the interested parties for comments.

Based on the details as contained in the Commission's preliminary report, comments received, oral presentations, the verified producer/exporter information, importers information and responses received thereto, the Commission made a final determination before "essential facts" that it was considering that new pneumatic tyres of rubber of a kind used on motor cars (classifiable under tariff subheadings HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, and HS 4011.10.09) and on buses or lorries (classifiable under tariff subheadings HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26) originating in or imported from the PRC were being dumped into the SACU market, causing material injury and threatening to cause material injury to the SACU industry.

Essential facts letters were sent to all interested parties, informing them of the "essential facts" which were being considered by the Commission for purposes of its final determination and inviting comments on those "essential facts".

After considering all interested parties' submissions, oral presentations and comments received, the Commission made a final determination that new pneumatic tyres of rubber of a kind used on motor cars (classifiable under tariff subheadings HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, and HS 4011.10.09) and on buses or lorries (classifiable under tariff subheadings HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26) originating in or imported from the PRC (excluding those produced and exported by Shandong Xinghongyuan Tyre Co., Ltd.) were being dumped into the SACU market, causing material injury and a threat of material injury to the SACU industry.

The Commission therefore decided to recommend to the Minister of Trade, Industry and Competition that definitive anti-dumping duties on imports of the subject products originating in or imported from the PRC be imposed as follows:

Table 1: Definitive anti-dumping duties

The duties listed below are applicable on all the following tariff sub-headings: new pneumatic tyres of rubber of a kind used on motor cars classifiable under tariff sub-headings 4011.10.01, 4011.10.03, 4011.10.05, 4011.10.07, 4011.10.09 and on buses and lorries classifiable under tariff subheadings 4011.20.16, 4011.20.18 and 4011.20.26.	
Producer/exporter	Definitive anti-dumping duties
Shouguang Firemax Tyre Co., Ltd.	7.18% <i>ad valorem</i>
Shandong Haohua Tire Co., Ltd.	9.79% <i>ad valorem</i>
Shandong Habilead Rubber Co., Ltd.	8.12% <i>ad valorem</i>
Shandong Changfeng Tyres Co., Ltd.	18.69% <i>ad valorem</i>
Shandong Yongfeng Tyres Co., Ltd.	
Shandong Mirage Tyres Co., Ltd.	
Shandong Shuangwang Rubber Co., Ltd.	12.09% <i>ad valorem</i>
Sailun Group Co., Ltd.	43.60% <i>ad valorem.</i>
Sailun (Dongying) Tire Co., Ltd.	
Sailun (Shenyang) Tire Co., Ltd.	
Weifang Shunfuchang Rubber and Plastic Products Co., Ltd.	14.56% <i>ad valorem</i>
Weifang Yuelong Rubber Co., Ltd.	
Prinx Chengshan (Shandong) Tire Company Ltd.	
Double Coin Group (Jiangsu) Tyre Co., Ltd.	
Double Coin Tyre Group (Shanghai) Imp & Exp Co., Ltd.	
Shanghai Double Coin Tyre Sales Co., Ltd.	
Wanli Tire Corporation Limited	
Wanli Group Trade Limited	
Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.	
Anhui Jichi Tire Co., Ltd.	
Shandong Yongsheng Rubber Group Co., Ltd.	
Shandong Yousheng Tyre Co., Ltd.	
Zhongyi Rubber Co., Ltd.	
Aeolus Tyre Co., Ltd.	
Aeolus Tyre (Taiyuan) Co., Ltd.	
Qingdao Fullrun Tyre Corp., Ltd.	
Zhaoqing Junhong Co., Ltd.	
Nanjing Kumho Tire Co., Ltd.	
Qingdao Nexen Tire Corporation	
Shandong Wanda Boto Tyre Co., Ltd.	
Triangle Tyre Co., Ltd.	
Qingdao Sentury Tire Co., Ltd.	
Kumho Tire(Tianjin) Co., Inc	
Zhongce Rubber Group Co., Ltd.	
Qingzhou Detail International Trading Co., Ltd.	
Shandong Gallop Rubber Co., Ltd.	
Wuchan Zhongda Chemical Group Co., Ltd.	
Navigator Rubber Co., Ltd.	

Guangrao Taihua International Trade Co., Ltd.	
Weifang Goldshield Tire Co., Ltd.	
Weifang Huadong Rubber Co., Ltd.	
Shandong New Continent Tire Co., Ltd.	
Shandong Fengyuan Tire Manufacturing Co., Ltd.	
Qingdao Doublestar Tire Industrial Co., Ltd.	
Shandong Hongsheng Rubber Technology Co., Ltd.	
Shandong Huasheng Rubber Co., Ltd.	
Chongqing Hankook Tire Co., Ltd.	
Hankook Tire China Co., Ltd.	
Jiangsu Hankook Tire Co., Ltd.	
Zhaoqing Junhong Co., Ltd.	
Shandong Jinyu Tire Co., Ltd.	
Zodo Tire Co., Ltd.	
Giti Radial Tire (Anhui) Company., Ltd.	
Giti Tire (Hualin) Company Ltd.	
Giti Tire (Fujian) Co., Ltd.	
Kumho Tire(Changchun) Co., Inc.	
All other producers/exporters (Excluding Shouguang Firemax Tyre Co., Ltd, Shandong Haohua Tire Co., Ltd, Shandong Habilead Rubber Co., Ltd, Shandong Changfeng Tyres Co., Ltd, Shandong Yongfeng Tyres Co., Ltd, Shandong Mirage Tyres Co., Ltd, Shandong Shuangwang Rubber Co., Ltd, Sailun Group Co., Ltd, Sailun (Dongying) Tire Co., Ltd, Sailun (Shenyang) Tire Co., Ltd, Weifang Shunfuchang Rubber and Plastic Products Co., Ltd, Weifang Yuelong Rubber Co., Ltd, Prinx Chengshan (Shandong) Tire Company Ltd, Double Coin Group (Jiangsu) Tyre Co., Ltd, Double Coin Tyre Group (Shanghai) Imp & Exp Co., Ltd, Shanghai Double Coin Tyre Sales Co., Ltd, Wanli Tire Corporation Limited, Wanli Group Trade Limited, Shaanxi Yanchang Petroleum Group Rubber Co., Ltd, Anhui Jichi Tire Co., Ltd, Shandong Yongsheng Rubber Group Co., Ltd, Shandong Yousheng Tyre Co., Ltd, Zhongyi Rubber Co., Ltd, Aeolus Tyre Co., Ltd, Aeolus Tyre (Taiyuan) Co., Ltd, Qingdao Fullrun Tyre Corp., Ltd, Zhaoqing Junhong Co., Ltd, Nanjing Kumho Tire Co., Ltd, Qingdao Nexen Tire Corporation, Shandong Wanda Boto Tyre Co., Ltd, Triangle Tyre Co., Ltd, Qingdao Sentury Tire Co., Ltd, Kumho Tire(Tianjin) Co., Inc, Zhongce Rubber Group Co., Ltd, Qingzhou Detail International Trading Co., Ltd, Shandong Gallop Rubber Co., Ltd, Wuchan Zhongda Chemical Group Co., Ltd, Navigator Rubber Co., Ltd, Guangrao Taihua International Trade Co., Ltd, Weifang Goldshield Tire Co., Ltd, Weifang Huadong Rubber Co., Ltd, Shandong New Continent Tire Co., Ltd, Shandong Fengyuan Tire Manufacturing Co., Ltd, Qingdao Doublestar Tire Industrial Co., Ltd, Shandong Hongsheng Rubber Technology Co., Ltd, Shandong Huasheng Rubber Co., Ltd, Chongqing Hankook Tire Co., Ltd, Hankook Tire China Co., Ltd, Jiangsu Hankook Tire Co., Ltd, Zhaoqing Junhong Co., Ltd, Shandong Jinyu Tire Co., Ltd, Zodo Tire Co., Ltd, Giti Radial Tire (Anhui) Company., Ltd, Giti Tire (Hualin) Company Ltd, Giti Tire (Fujian) Co., Ltd, Kumho Tire(Changchun) Co., Inc and Shandong Xinghongyuan Tyre Co., Ltd).	41.47% <i>ad valorem</i>

1. APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

This investigation was conducted in accordance with the International Trade Administration Act, 2002, the International Trade Administration Commission of South Africa Anti-Dumping Regulations (“ADR”) having due regard to the World Trade Organisation (“WTO”) 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 SATMC, a SACU industry body on behalf of its members. The members of the SATMC are Bridgestone South Africa (Pty) Ltd., Continental Tyre South Africa (Pty) Ltd., Goodyear South Africa (Pty) Ltd., and Sumitomo Rubber South Africa (Pty) Ltd., and together constitute 100% of the domestic production of the subject products in SACU.

1.3 DATE OF ACCEPTANCE OF APPLICATION

The application was accepted by the Commission as being properly documented in accordance with Regulation 21 of the ADR on 25 January 2022. The trade representatives of PRC were advised accordingly.

1.4 ALLEGATIONS BY THE APPLICANT

The Applicant alleged that imports of the subject products originating in or imported from the PRC were being dumped into the SACU market, thereby causing material injury, and a threat of material injury to the SACU industry. The basis for the alleged dumping is that the subject products are exported to SACU at prices lower than the normal values in the country of origin. The Applicant alleged that as a result of dumping of the subject products from the PRC, the SACU industry is experiencing material injury in the form of:

- Price undercutting;
- Price suppression;
- Declining sales volume;
- Decline in market share;
- Decline in output;

- Decline in productivity;
- Declining employment;
- Declining utilisation of production capacity; and
- Slowdown in growth.

The Applicant also provided information indicating that the SACU industry is experiencing a threat of material injury as a result of the alleged dumped imports.

1.5 INVESTIGATION PROCESS

The application was initially submitted on 24 November 2021 and a deficiency letter was sent on 10 December 2021. An updated application was received on 20 December 2021 and another deficiency letter was sent on 7 January 2022. The updated electronic and hard copy applications were received on 11 and 14 January 2022 respectively.

The material injury information submitted by the Applicant was verified as follows:

Table 1.5: Verification of Applicant

Bridgestone South Africa (Pty) Ltd.	17 January 2022 and a factory tour was undertaken on 18 February 2022
Goodyear South Africa (Pty) Ltd.	19 January 2022 and a factory tour was undertaken on 23 March 2022.
Continental Tyre South Africa (Pty) Ltd.	20 January 2022 and a factory tour was undertaken on 24 March 2022
Sumitomo Rubber South Africa (Pty) Ltd.	21 January 2022

The diplomatic representatives of the PRC were notified of the Commission's receipt of a properly documented application, in terms of Regulation 27.1 of the ADR.

The Commission initiated an investigation into the alleged dumping of new pneumatic tyres of rubber of a kind used on motor cars (classifiable under tariff subheadings HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, and HS 4011.10.09) and on buses or lorries (classifiable under tariff subheadings HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26) originating in or imported from the PRC through Notice Number 795 of 2022 which was published in the

Government Gazette No. 45851 on 31 January 2022. On 09 February 2022, correction Notice No. 809 of *Government Gazette* No. 45891, was also published to rectify a printing error.

On 02 February 2022, subsequent to the initiation, all known interested parties were notified and sent the non-confidential version of the application and requested to respond to the relevant questionnaires.

1.6 INVESTIGATION PERIODS

The investigation period for dumping was 01 August 2020 to 31 July 2021. The investigation period for material injury was 01 August 2018 to 31 July 2021. The Applicant also provided information which indicates that there is threat of material injury to the SACU industry.

1.7 PARTIES CONCERNED

1.7.1 SACU industry

The SACU industry consists of SATMC members which are Bridgestone South Africa (Pty) Ltd., Continental Tyre South Africa (Pty) Ltd., Goodyear South Africa (Pty) Ltd., and Sumitomo Rubber South Africa (Pty) Ltd., and together constitute 100% of the domestic production of the subject products in SACU.

1.7.2 Foreign Producers/Exporters

Responses to the Commission's exporter questionnaire were received from the following foreign producers/exporters:

- Shouguang Firemax Tyre Co., Ltd.;
- Weifang Shunfuchang Rubber and Plastic Products Co., Ltd.;
- Weifang Yuelong Rubber Co., Ltd.;
- Prinx Chengshan (Shandong) Tire Company Ltd.;
- Double Coin Group (Jiangsu) Tyre Co., Ltd.;
- Double Coin Tyre Group (Shanghai) Imp & Exp Co., Ltd.;
- Shanghai Double Coin Tyre Sales Co., Ltd.;
- Wanli Tire Corporation Limited;
- Wanli Group Trade Limited;
- Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.;

- Shandong Xinghongyuan Tyre Co., Ltd.;
- Anhui Jichi Tire Co., Ltd.;
- Shandong Yongsheng Rubber Group Co., Ltd.;
- Shandong Yousheng Tyre Co., Ltd.;
- Zhongyi Rubber Co., Ltd.;
- Aeolus Tyre Co., Ltd.;
- Aeolus Tyre (Taiyuan) Co., Ltd.;
- Qingdao Fullrun Tyre Corp., Ltd.;
- Shandong Shuangwang Rubber Co., Ltd.;
- Shandong Hongde Trade Co., Ltd.;
- Giti Radial Tire (Anhui) Company., Ltd.;
- Giti Tire (Fujian) Co., Ltd.;
- Giti Tire (Hualin) Company., Ltd.;
- Giti Tire Global Trading PTE. Ltd.;
- Kumho Tire (Tianjin) Co., Inc.;
- Nanjing Kumho Tire Co., Ltd.;
- Kumho Tire(Changchun) Co., Inc.;
- Kumho Tire Co., Inc.;
- Qingdao Nexen Tire Corporation;
- Shandong Wanda Boto Tyre Co., Ltd.;
- Triangle Tyre Co., Ltd.;
- Qingdao Sentury Tire Co., Ltd.;
- Zhongce Rubber Group Co., Ltd.;
- Weifang Goldshield Tire Co., Ltd.;
- Weifang Huadong Rubber Co., Ltd.;
- Shandong Haohua Tire Co., Ltd.;
- Shandong New Continent Tire Co., Ltd.;
- Shandong Fengyuan Tire Manufacturing Co., Ltd.;
- Qingdao Doublestar Tire Industrial Co., Ltd.;
- Shandong Habilead Rubber Co., Ltd.;
- Shandong Hongsheng Rubber Technology Co., Ltd.;
- Shandong Huasheng Rubber Co., Ltd.;
- Sailun (Dongying) Tire Co., Ltd.;

- Sailun (Shenyang) Tire Co., Ltd.;
- Sailun Group Co., Ltd.;
- Chongqing Hankook Tire Co., Ltd.;
- Hankook Tire China Co., Ltd.;
- Jiangsu Hankook Tire Co., Ltd.;
- Shandong Cachland Tyres Co., Ltd.;
- Shandong Yongfeng Tyres Co., Ltd.;
- Shandong Changfeng Tyres Co., Ltd.;
- Shandong Mirage Tyres Co., Ltd.;
- Zhaoqing Junhong Co., Ltd.;
- Shandong Jinyu Tire Co., Ltd.; and
- Zodo Tire Co., Ltd.

The following producers/exporters submitted their exporter's questionnaire response after the deadline date for submission of responses:

- Jining Shenzou Tyre Co., Ltd.;
- Jiaozuo Aeolus Tyre Co., Ltd.;
- Tercelo Tire (Qingzhou) Co., Ltd.;
- Dongying Navigator Rubber Technology Co., Ltd.;
- Shandong New Hawk Tyre Co., Ltd.;
- Saint Tour Tyre Co., Ltd.;
- Qingzhou Detail International Trading Co., Ltd.;
- Shandong Gallop Rubber Co., Ltd.;
- Wuchan Zhongda Chemical Group Co., Ltd.;
- Navigator Rubber Co., Ltd.; and
- Guangrao Taihua International Trade Co., Ltd.

Jining Shenzou Tyre Co., Ltd., and Jiaozuo Aeolus Tyre Co., Ltd were not granted an extension as there was no good cause shown. Furthermore, their extension requests were not in line with ADR30.2, and their representations were not in accordance with the ADR4.1. The Commission made a final determination not to take their information into account, and that the two exporters are non-cooperating parties.

The Commission also received exporter response from Pirelli Tyre Co., Ltd., after the deadline date for submission of responses. Furthermore, their extension request was not in line with ADR30.2, and their representations were not in accordance with the ADR4.1. Therefore the Commission made a final determination not to take their information into account their information and that Pirelli Tyre Co., Ltd., is a non-cooperating party.

The representative of the Tercelo group of companies indicated that they attempted contacting ITAC to request extension without success. ITAC did not receive any extension request from their representative or any other correspondence. The Commission made a final determination not to consider information received after the deadline date and to consider such interested parties as non-cooperating parties in this investigation.

The Commission further made a final determination that imports from these non-cooperating parties be subject to the residual dumping duty.

1.7.3 Due to the large number of responses received, and after considering available resources, the Commission at its meeting of 12 April 2022 made a determination to limit its investigation (commonly referred to as sampling) to a reasonable number of parties by using the largest percentage of exports from the PRC which can be reasonably investigated and to commence a consultation process with all exporters. This determination was made in accordance with ADR 8.6 read together with ADR 8.7 and ADR8.8 and the selection of exporters was done based on ADR 8.6 (a).

Interested parties were notified and invited to make submissions/comments regarding the Commissions determination. Submissions were received and considered by the Commission.

Initial responses received from all foreign producers/exporters were found to be deficient. On 1 June 2022, deficiency letters were sent out to all foreign producers/exporters and were given 7 days to address deficiencies.

On 3 June 2022, further consultations took place where the foreign producers/exporters selected to form part of its sample were communicated and are as follows:

- Shouguang Firemax Tyre Co., Ltd.;
- Shandong Xinghongyuan Tyre Co., Ltd.;
- Sailun - Sailun (Dongying) Tire Co., Ltd., Sailun Group (Hong Kong) Co., Ltd., Sailun (Shenyang) Tire Co., Ltd., and Sailun Group Co., Ltd.;
- Shandong Shuangwang Rubber Co., Ltd., and Shandong Hongde Trade Co., Ltd.;
- Shandong Haohua Tire Co., Ltd.;
- Shandong Hablead Rubber Co., Ltd.; and
- Shandong Changfeng Tyres Co., Ltd and Shandong Yongfeng Tyres Co., Ltd.

Interested parties were further notified that only the sampled foreign producers/exporters and those that wanted to request individual dumping margins in accordance with ADR 8.8 needed to address their deficiencies. Interested parties were advised that foreign producers/exporters that do not form part of the sample and do not request an individual dumping margin will be considered cooperating interested parties and will be subject to the weighted average margin of dumping established with respect to the sample of foreign producers/exporters.

The following foreign producers/exporters requested individual dumping margins in accordance with ADR8.8:

- GITI Radial Tire (Anhui) Company Ltd.;
- GITI Tire (Fujian) Co., Ltd.;
- GITI Tire (Hualin) Company Ltd.;
- Kumho Tire (Tianjin) Co., Inc;
- Nanjing Kumho Tire Co., Ltd.;
- Kumho Tire (Changchun) Co., Inc;
- Chongqing Hankook Tire Co., Ltd.;
- Hankook Tire China Co., Ltd.;

- Jiangsu Hankook Tire Co., Ltd.;
- Shandong Jinyu Tire Co., Ltd.; and
- Shandong Cachland Tyres Co., Ltd.

The updated responses from the selected exporters and those that requested individual dumping margins in accordance with ADR 8.8 were still considered deficient in accordance with ADR31.1. The parties were informed of their deficiencies and that their information may not be taken into account for the Commission's preliminary determination.

The Commission further determined that interested parties that submitted deficient information be granted an opportunity to rectify their responses prior the deadline for comments to the Commission's Preliminary Report, and have their information considered for purposes of the Commission's final determination.

The interested parties whose information was not considered for the Commission's preliminary determination because it was deficient, submitted updated questionnaire responses for the Commission's final determination. The updated responses from the sampled producers/exporters were still found to be deficient with the exception of Shouguang Firemax Tyre Co., Ltd and Shandong Xinghongyuan Tyre Co., Ltd. However, information from the ten sampled producers/exporters was verified from 08 November 2022 to 21 December 2022 and was used to calculate the dumping margin as it is considered the best information available.

The Commission made a final determination to not determine individual dumping margins for exporters that requested such in accordance with ADR8.8, as it would be unduly burdensome.

1.7.4 Importers

Responses to the Commission's importer questionnaire were received from the following importers:

- Top Draw Tyres (Pty) Ltd t/a TyreLife Solutions;
- Tirepoint Tyres (Pty) Ltd.;

- Tyremart Tyres and Accessories (Propriety) Limited;
- eTraction (Pty) Ltd.;
- Route Management (Pty) Ltd.;
- Treadzone (Pty) Ltd.;
- Auto and Truck Tyres (Pty) Ltd.;
- Lombard Tyres (Pty) Ltd.;
- Safety Grip (Pty) Ltd.;
- Pirelli Tyre (Pty) Ltd.;
- Tandem Tyres (Pty) Ltd.;
- DG Capital Procurement (Pty) Ltd.;
- Stamford Tyres (Africa) (Pty) Ltd.;
- Afix Trading CC.;
- Vaal Tyre Centre Holdings (Pty) Ltd.;
- Maxxis Tyres South Africa (Pty) Ltd.; and
- Changlong Trading (Pty) Ltd.

TTR Distributors cc t/a Tyrerack submitted its importer's questionnaire response after the deadline for response, and the Commission determined not to take their information into account furthermore to consider this party to be a non-cooperating interested party.

Route Management (Pty) Ltd and Tyre Mart (Pty) Ltd. did not address deficiencies raised in the first deficiency letters. Tirepoint Tyres (Pty) Ltd, Safety Grip (Pty) Ltd, and Changlong Trading (Pty) Ltd did not address deficiencies raised in the second deficiency letters.

The Commission made a preliminary determination not to consider the deficient information submitted by importers for the purposes of its preliminary determination. Importers were advised that should their responses be rectified within the deadline date for comments on the preliminary determination, their information would be considered for the Commission's final determination.

All importers addressed the identified deficiencies for the Commission's final determination except for Top Draw (Pty) Ltd, Afix Trading CC, Tandem Tyres (Pty) Ltd, Auto and Truck Tyres (Pty) Ltd, DG Capital Procurement (Pty) Ltd and Vaal Tyre Centre Holdings (Pty) Ltd. The Commission made a final determination to use responses which are not deficient.

1.7.5 Other interested parties

Comments were received from Tyre Importer's Association of South Africa ("TIASA") and China Rubber Industry Association ("CRIA") throughout the investigation.

1.8 PRELIMINARY DETERMINATION

The Commission at its meeting of 11 August 2022, after considering all responses and comments from interested parties and based on best available information made a preliminary determination that new pneumatic tyres of rubber of a kind used on motor cars (classifiable under tariff subheadings HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, and HS 4011.10.09) and on buses or lorries (classifiable under tariff subheadings HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26) originating in or imported from the PRC were being dumped into the SACU market, causing material injury and a threat of material injury to the SACU industry. The Commission did not take into account deficient information for the purpose of its preliminary determination in accordance with ADR31.3. The Commission further made a preliminary determination to not consider individual dumping margins for exporters that were not part of the sample, but requested such in accordance with ADR8.8, as it would be unduly burdensome.

The Commission also made a preliminary determination that the SACU industry would continue to experience material injury during the course of the investigation if provisional measures were not imposed. The Commission therefore decided to request the Commissioner of SARS to impose provisional payments for a period of six months on imports of the subject products to protect the industry while the investigation continued.

Provisional payments were imposed through *Government Gazette* No.46874, effective from 09 September 2022 up to and including 08 March 2023.

The Commission's reasons for its preliminary determination are contained in the preliminary report No.700. The report was issued to the interested parties for comments. Comments to the Commission's preliminary report were received from:

- TIASA;
- Pirelli Tyre Co. Ltd ("Pirelli");
- Jining Shenzou Tyre Co., Ltd.;
- Jiaozuo Aeolus Tyre Co., Ltd.;
- CRIA;
- Shandong Jinyu Tire Co., Ltd.;
- Route Management (Pty) Ltd.;
- Triangle Tyre Co., Ltd. and Wanda Boto Co., Ltd.;
- Giti group of companies;
- Tirepoint (Pty) Ltd.;
- Shuangwang Rubber Co., Ltd and Shandong Hongde Trade Co., Ltd; and
- The Applicant.

Comments from interested parties on the preliminary report

- (i) The non-confidential application does not allow a reasonable understanding of information provided in confidence for instance the non-provision of reasons why the industry is importing the subject product.
- (ii) ITAC's use of facts available is unlawful because it is inconsistent with Article 6.8 of the WTO Anti-Dumping Agreement.

Applicant's comments

- (i) The non-confidential application provides for a reasonable understanding of the information that was omitted in confidence, either by way of summary or indexing, where it was possible to do so enabling parties to defend their interests.

Commission's consideration

- (i) The reasons of confidentiality were provided in all instances where the domestic industry considered their information to be confidential. Non-confidential summaries were provided and where information could not be summarized, the Applicant provided reasons in the sworn affidavit statement on why information is not susceptible to summarization. The Commission considered and accepted this information to be confidential and further noted that the matter is also subject to litigation by TIASA.
- (ii) The Commission did not consider deficient information for the preliminary determination in terms of ADR31.3. However, for the purpose of the final determination all information of exporters was considered, including deficient submissions, as best information available.

1.8 “Essential facts” letters

Essential facts letters were sent out to all interested parties, informing them of the “essential facts” which were being considered by the Commission and inviting comments on those “essential facts”. Comments to the essential facts letter were received from:

- The Chinese Embassy in South Africa;
- TIASA;
- CRIA;
- Giti Group of companies;
- Shandong Cachland Tyres Co., Ltd.;
- Shandong Changfeng Tyres Co., Ltd.;
- Shandong Yongfeng Tyres Co., Ltd.;
- Shouguang Firemax Tyre Co., Ltd.;
- Shandong Xinghongyuan Tyre Co., Ltd.;
- Shandong Haohua Tire Co., Ltd.;
- Shandong Habilead Rubber Co., Ltd.;
- Sailun Group of companies;
- Shuangwang Rubber Co., Ltd. and Shandong Hongde Trade Co., Ltd.;
- Tercelo companies (Tercelo Tire (Qingzhou) Co., Ltd., Dongying Navigator Rubber Technology Co., Ltd., Shandong New Hawk Tyre Co., Ltd., Saint Tour Tyre Co., Ltd., Qingzhou Detail International Trading Co., Ltd.,

Shandong Gallop Rubber Co., Ltd., Wuchan Zhongda Chemical Group Co., Ltd., Navigator Rubber Co., Ltd., and Guangrao Taihua International Trade Co., Ltd);

- Shandong New Continent Tire Co., Ltd.;
- Shandong Wanda Boto Tyre Co., Ltd and Triangle Tyre Co., Ltd;
- Pirelli (Pirelli Tyre Co., Ltd., Jining Shenzhou Tyre Co., Ltd., and Jiaozuo Aeolus Tyre Co., Ltd.);
- eTraction (Pty) Ltd;
- Route Management (Pty) Ltd.;
- Auto and Truck Tyres (Pty) Ltd.;
- Tandem Tyres (Pty) Ltd.;
- Afix Trading CC.;
- Vaal Tyre Centre Holdings (Pty) Ltd.; and
- The Applicant.

Comments from Route Management (Pty) Ltd. were received after the deadline date for comments to the essential facts letter. The Commission therefore made a determination not to consider these comments for its final determination in light of the fact that interested parties were given 7 additional days to respond to the Commission's essential facts letter.

Comments from interested parties to the essentials facts letters

- (i) The essential facts letter does not have adequate details on injury and causality, the Commission merely makes conclusions without adequate analysis and information, let alone evidence, and fails to perform its obligations. The Commission did not provide any factual or data-based analysis in these sections, and merely claims these questions have been "discussed in detail in the Commission's preliminary determination".
- (ii) Following the preliminary determination, Tercelo companies had provided the Commission with (email) records stating that it is proof that Tercelo companies tried several times to request an extension from the Commission. In absence of response to those emails and without alternative means, Tercelo companies posted via DHL on 11 March 2022 the whole package of responses to the

Commission including electronic version via emails according to the addresses indicated in the notice of initiation. On 18 March 2022, the Commission was notified by DHL services and enquired the secretary of counsel acting on behalf of Tercelo companies what was contained in DHL package, she explained that DHL contained entire body of questionnaire responses of Tercelo companies (9 companies in total).

- (iii) TIASA requested mediation twice on the confidential Applicant's own imports and this was ignored.
- (iv) Tandem Tyres, Auto Truck and Tyres (Pty) Ltd, Vaal Tyre Centre and Afix addressed all the deficiencies raised by ITAC on 19 October 2022. It is the first time that Tandem Tyres and Auto Truck and Tyres (Pty) Ltd are made aware of the deficiencies since they responded to the deficiency letters.
- (v) Pirelli Tyre Co., Ltd (Pirelli) is not listed as a respondent in the preliminary determination report and the Commission is requested to include information submitted by Pirelli in the Commission's final determination with regard to its operations in Pirelli Tyre Co., Ltd, Jining Shenzhou Tyre Co., Ltd. and Jiaozuo Aeolus Tyre Co., Ltd ("Pirelli Tyre (Jiaozuo) Co., Ltd"). Pirelli China applied for extension and was granted extension to file a comprehensive exporter's response which complied with ADR30.2. They further indicated that their documents submitted on 28 March 2022 were stamped as proof of receipt.
- (vi) The misplaced Pirelli Tyre Co., Ltd files particularly the confidential submissions and flash drive which was contained in the file is a matter of grave concern for Pirelli management. Section 50 of the ITA Act places a clear obligation on ITAC to deal with confidential information with due care.

Commission's considerations

- (i) Comprehensive information on material injury or threat of material injury and dumping is in the preliminary report and the general section of the essential facts letter specified that where an issue is not specifically addressed the Commission intended to maintain its preliminary determination. Furthermore, all information received after preliminary determination was considered and is available in the public file. Salient information submitted and considered by the Commission was further disclosed in the essential facts letters.

The Commission took note of WTO jurisprudence. In Argentina – Ceramic Tiles, the Panel, further to noting that Article 6.9 does not prescribe the manner in which the investigating authority is to comply with the disclosure obligation provided some examples of how investigating authorities may comply with this requirement: "We agree with Argentina that the requirement to inform all interested parties of the essential facts under consideration may be complied with in a number of ways. Article 6.9 of the AD Agreement does not prescribe the manner in which the authority is to comply with this disclosure obligation.

The requirement to disclose the 'essential facts under consideration' may well be met, for example, by disclosing a specially prepared document summarizing the essential facts under consideration by the investigating authority or through the inclusion in the record of documents such as verification reports, a preliminary determination, or correspondence exchanged between the investigating authorities and individual exporters which actually disclose to the interested parties the essential facts which, being under consideration, are anticipated by the authorities as being those which will form the basis for the decision whether to apply definitive measures.

- (ii) The deadline date for interested parties not directly informed of the investigation was 12 March 2022, which also applied to the Tercelo companies. No correspondence in the form of emails was received from these companies prior 12 March 2022. The first correspondence was received from DHL on 15 March 2022 indicating that there is a package addressed to one of the investigators. DHL requested more information, including personal information in order for the parcel to be cleared as it was sent as a package instead of a document. Thereafter, an invoice was shared with investigators, which contained the email address of the sender who was subsequently contacted. The document was eventually delivered after the deadline date.
- (iii) Section 35 (2) (a) of the Main Act stipulates that a person who seeks access to information which the Commission has determined is by nature confidential or should be recognised as otherwise confidential may-
 - (a) First, request that the Commission mediate between the owner of the information and that person.

There was no request received from TIASA for the Commission to mediate between the two parties. However, the Commission received correspondence from TIASA on 18 February 2022, requesting the Commission to avail confidential imports volumes of the SACU industry. On 25 February 2022, TIASA wanted ITAC to instruct the industry to provide complete responses to questions relating to their own imports. Responses to TIASA were made on 21 February 2022 and 02 March 2022 respectively. These correspondences were not a request for mediation. It should further be noted that this matter is subject to litigation by TIASA.

- (iv) Responses of the above-mentioned importers received on the deadline date for comments to the preliminary report were still deficient and these parties were informed accordingly on 19 October 2022. On the same day their representative enquired whether the deficiencies can still be addressed and was informed that at the stage of the investigation parties cannot amend their responses. It is parties that have addressed their deficiencies which are considered co-operating parties for the purpose of the Commission's final determination in accordance with ADR35.5.

- (v) Pirelli (Pty) Ltd, an importer, submitted an appointment letter indicating that Pirelli appoints XA Global Trade Advisors (XA) as representatives in this investigation. XA submitted a request for extension for Pirelli South Africa & Pirelli China (supposedly an exporter). The Commission granted such an extension request from the two parties, it further requested an appointment letter for Pirelli China. The Commission was again given an appointment letter from Pirelli (Pty) Ltd., and further clarity on this appointment letter was provided by XA. The Commission was therefore expecting to receive two responses, one from the importer and another from an exporter (Pirelli China). Submissions were then received from the importer and two exporters Jining Shenzou & Jiaozo Aeolus. XA stated that these are part of Pirelli China, in fact there is a third exporter which is also said to be part of Pirelli China, named Pirelli Tyre Co., Ltd., which was not mentioned in the preliminary determination to have submitted a

response. The response was however submitted and placed with all submissions received after the deadline date for submission.

ADR30.2 stipulates that any extension granted will only apply to the firm to which such extension was granted and will not apply to other interested parties. The extension was applicable to Pirelli China and there was no indication that Pirelli China is a group of companies. When clarity was sought it was indicated that Pirelli China has 3 manufacturing locations in the PRC. It was further indicated that Pirelli (Pty) Ltd., should facilitate the response of all Pirelli Group of companies, appoint a representative for any of Pirelli group of companies that may be affected by the investigation and apply for an extension for the companies that are part of the Pirelli Group of companies affected by the investigation.

It was never specified that these manufacturing sites are independent companies which are part of Pirelli China, and their legal names were never mentioned in the appointment letter or extension request. The Commission further noted that there are other companies that are part of Pirelli's global operations that are situated in the PRC, besides the three companies said to be part of Pirelli China, that were represented by other representatives who were appointed appropriately, requested extensions in accordance with the ADR and were granted such extensions. Furthermore, these other companies submitted exporter responses and are considered cooperating interested parties and will receive a weighted average dumping margin. The Commission also took note of information provided from a meeting held with Pirelli (Pty) Ltd., its representative and that of Pirelli Tyre Co., Ltd., Jining Shenzhou Tyre Co., Ltd. and Jiaozuo Aeolus Tyre Co., Ltd.

An acknowledgment of receipt was sent to XA after the documents were checked, and this was filed accordingly. Acknowledgement of receipt was only done for two exporters, Jining Shenzhou Tyre and Jiaozuo Aeolus and no acknowledgement of receipt for Pirelli Tyre Co., Ltd., was sent to its representative (XA). Its representative (XA) never raised any concerns after the acknowledgement letters were sent out and upon viewing of the public file. The

issue of a response submitted by Pirelli Tyre Co., Ltd., was first raised approximately six months after the acknowledgement of receipt was sent to the representative. The exporter response of Pirelli Tyre Co., Ltd., was submitted after the due date and therefore placed with all other responses received after the deadline date for submission.

The Commission made a final determination that Jining Shenzou, Jiaozo Aeolus and Pirelli Tyre Co., Ltd., together with all other exporters/foreign producers that submitted their responses late not be considered cooperating interested parties and therefore are not entitled to the weighted average dumping margin of the other participating exporters.

- (vi) The file from Pirelli Tyre Co., Ltd was not lost. It was found together with the exporter files which were submitted after the deadline date. The Commission noted that the submission if received on 28 March 2022, as alleged by XA, it would have been received after the deadline date for responses, as no extension was granted to Pirelli Tyre Co., Ltd and the other two companies that are said to be part of Pirelli China.

1.10 Final determination and recommendation

After considering all interested parties' submissions, oral presentations and comments received, the Commission made a final determination that new pneumatic tyres of rubber of a kind used on motor cars (classifiable under tariff subheadings HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, and HS 4011.10.09) and on buses or lorries (classifiable under tariff subheadings HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26) originating in or imported from the PRC (excluding those produced and exported by Shandong Xinghongyuan Tyre Co., Ltd.) were being dumped into the SACU market, causing material injury and a threat of material injury to the SACU industry.

The Commission therefore decided to recommend to the Minister of Trade, Industry and Competition that definitive anti-dumping duties on imports of new pneumatic tyres of rubber of a kind used on motor cars (classifiable under tariff subheadings HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, and HS 4011.10.09) and on buses or lorries (classifiable under tariff subheadings

HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26) originating in or imported from the PRC, be imposed as follows:

Table 1.10: Final anti-dumping duties

The duties listed below are applicable on all the following tariff sub-headings: new pneumatic tyres of rubber of a kind used on motor cars - 4011.10.01, 4011.10.03, 4011.10.05, 4011.10.07, 4011.10.09 and on buses and lorries - 4011.20.16, 4011.20.18 and 4011.20.26.	
Producer/exporter	Definitive anti-dumping duties
Shouguang Firemax Tyre Co., Ltd.	7.18% <i>ad valorem</i>
Shandong Haohua Tire Co., Ltd.	9.79% <i>ad valorem</i>
Shandong Hablead Rubber Co., Ltd.	8.12% <i>ad valorem</i>
Shandong Changfeng Tyres Co., Ltd.	18.69% <i>ad valorem</i>
Shandong Yongfeng Tyres Co., Ltd.	
Shandong Mirage Tyres Co., Ltd.	
Shandong Shuangwang Rubber Co., Ltd.	12.09% <i>ad valorem</i>
Sailun Group Co., Ltd.	43.60% <i>ad valorem</i> .
Sailun (Dongying) Tire Co., Ltd.	
Sailun (Shenyang) Tire Co., Ltd.	
Weifang Shunfuchang Rubber and Plastic Products Co., Ltd.	14.56% <i>ad valorem</i>
Weifang Yuelong Rubber Co., Ltd.	
Prinx Chengshan (Shandong) Tire Company Ltd.	
Double Coin Group (Jiangsu) Tyre Co., Ltd.	
Double Coin Tyre Group (Shanghai) Imp & Exp Co., Ltd.	
Shanghai Double Coin Tyre Sales Co., Ltd.	
Wanli Tire Corporation Limited	
Wanli Group Trade Limited	
Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.	
Anhui Jichi Tire Co., Ltd.	
Shandong Yongsheng Rubber Group Co., Ltd.	
Shandong Yousheng Tyre Co., Ltd.	
Zhongyi Rubber Co., Ltd.	
Aeolus Tyre Co., Ltd.	
Aeolus Tyre (Taiyuan) Co., Ltd.	
Qingdao Fullrun Tyre Corp., Ltd.	
Zhaoqing Junhong Co., Ltd.	
Nanjing Kumho Tire Co., Ltd.	
Qingdao Nexen Tire Corporation	
Shandong Wanda Boto Tyre Co., Ltd.	
Triangle Tyre Co., Ltd.	
Qingdao Sentury Tire Co., Ltd.	
Kumho Tire(Tianjin) Co., Inc	
Zhongce Rubber Group Co., Ltd.	
Qingzhou Detail International Trading Co., Ltd.	
Shandong Gallop Rubber Co., Ltd.	

Wuchan Zhongda Chemical Group Co., Ltd.	
Navigator Rubber Co., Ltd.	
Guangrao Taihua International Trade Co., Ltd.	
Weifang Goldshield Tire Co., Ltd.	
Weifang Huadong Rubber Co., Ltd.	
Shandong New Continent Tire Co., Ltd.	
Shandong Fengyuan Tire Manufacturing Co., Ltd.	
Qingdao Doublestar Tire Industrial Co., Ltd.	
Shandong Hongsheng Rubber Technology Co., Ltd.	
Shandong Huasheng Rubber Co., Ltd.	
Chongqing Hankook Tire Co., Ltd.	
Hankook Tire China Co., Ltd.	
Jiangsu Hankook Tire Co., Ltd.	
Zhaoqing Junhong Co., Ltd.	
Shandong Jinyu Tire Co., Ltd.	
Zodo Tire Co., Ltd.	
Giti Radial Tire (Anhui) Company., Ltd.	
Giti Tire (Hualin) Company Ltd.	
Giti Tire (Fujian) Co., Ltd.	
Kumho Tire(Changchun) Co., Inc.	
All other producers/exporters (Excluding Shouguang Firemax Tyre Co., Ltd, Shandong Haohua Tire Co., Ltd, Shandong Habilead Rubber Co., Ltd, Shandong Changfeng Tyres Co., Ltd, Shandong Yongfeng Tyres Co., Ltd, Shandong Mirage Tyres Co., Ltd, Shandong Shuangwang Rubber Co., Ltd, Sailun Group Co., Ltd, Sailun (Dongying) Tire Co., Ltd, Sailun (Shenyang) Tire Co., Ltd, Weifang Shunfuchang Rubber and Plastic Products Co., Ltd, Weifang Yuelong Rubber Co., Ltd, Prinx Chengshan (Shandong) Tire Company Ltd, Double Coin Group (Jiangsu) Tyre Co., Ltd, Double Coin Tyre Group (Shanghai) Imp & Exp Co., Ltd, Shanghai Double Coin Tyre Sales Co., Ltd, Wanli Tire Corporation Limited, Wanli Group Trade Limited, Shaanxi Yanchang Petroleum Group Rubber Co., Ltd, Anhui Jichi Tire Co., Ltd, Shandong Yongsheng Rubber Group Co., Ltd, Shandong Yousheng Tyre Co., Ltd, Zhongyi Rubber Co., Ltd, Aeolus Tyre Co., Ltd, Aeolus Tyre (Taiyuan) Co., Ltd, Qingdao Fullrun Tyre Corp., Ltd, Zhaoqing Junhong Co., Ltd, Nanjing Kumho Tire Co., Ltd, Qingdao Nexen Tire Corporation, Shandong Wanda Boto Tyre Co., Ltd, Triangle Tyre Co., Ltd, Qingdao Sentury Tire Co., Ltd, Kumho Tire(Tianjin) Co., Inc, Zhongce Rubber Group Co., Ltd, Qingzhou Detail International Trading Co., Ltd, Shandong Gallop Rubber Co., Ltd, Wuchan Zhongda Chemical Group Co., Ltd, Navigator Rubber Co., Ltd, Guangrao Taihua International Trade Co., Ltd, Weifang Goldshield Tire Co., Ltd, Weifang Huadong Rubber Co., Ltd, Shandong New Continent Tire Co., Ltd, Shandong Fengyuan Tire Manufacturing Co., Ltd, Qingdao Doublestar Tire Industrial Co., Ltd, Shandong Hongsheng Rubber Technology Co., Ltd, Shandong Huasheng Rubber Co., Ltd, Chongqing Hankook Tire Co., Ltd, Hankook Tire China Co., Ltd, Jiangsu Hankook Tire Co., Ltd, Zhaoqing Junhong Co., Ltd, Shandong Jinyu Tire Co., Ltd, Zodo Tire Co., Ltd, Giti Radial Tire (Anhui) Company., Ltd, Giti Tire (Hualin) Company Ltd, Giti Tire (Fujian) Co., Ltd, Kumho Tire(Changchun) Co., Inc and Shandong Xinghongyuan Tyre Co., Ltd).	41.47% <i>ad valorem</i>

All submissions made by interested parties are contained in the Commission's public file for this investigation and are available for perusal. It should be noted that this report

does not purport to present all comments received and considered by the Commission. However, some salient and pivotal comments received from interested parties and the Commission's considerations of these comments are specifically included in this report.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Description

The imported products are new pneumatic tyres of rubber of a kind used on motor cars and on buses or lorries.

2.1.2 Country of origin/export

The subject products originate in or are imported from the PRC.

2.1.3 Tariff Classification

The following table is the ordinary customs duty for the subject products:

Table 2.1.3 (a): Ordinary Customs Duty

Tariff heading / subheading	Description	Statistical unit	Customs duty					
			General	EU/UK	EFTA	SADC	MERCOSUR	AfCFTA
40.11	New pneumatic tyres. of rubber:							
4011.10	- Of a kind used on motor cars (including station wagons and racing cars):							
4011.10.01	-- Having a rim size not exceeding 33 cm (13 inches)	unit	30%	15%	15%	free	30%	30%
4011.10.03	-- Having a rim size of 35 cm (14 inches)	unit	30%	15%	15%	free	30%	30%
4011.10.05	-- Having a rim size of 38 cm (15 inches)	unit	30%	15%	15%	free	30%	30%
4011.10.07	-- Having a rim size of 41 cm (16 inches)	unit	30%	15%	15%	free	30%	30%
4011.10.09	-- Having a rim size of 43 cm (17 inches) or more	unit	30%	15%	15%	free	30%	30%
4011.20	- Of a kind used on buses or Lorries:							
4011.20.1	-- Having a load percentage not exceeding 121:							
4011.20.16	--- Having a rim size not exceeding 35 cm (14 inches)	unit	25%	15%	15%	free	25%	25%
4011.20.18	--- Having a rim size of 38 cm (15 inches) or more	unit	25%	15%	15%	free	25%	25%
4011.20.2	-- Having a load percentage exceeding 121:							
4011.20.26	--- Having a rim size exceeding 51 cm (20 inches)	unit	25%	15%	15%	free	25%	25%

Source: SARS

Table 2.1.3 (b): Rebate Provisions

Rebate Item	Tariff Heading	Rebate Code	Description	Extent of Rebate
316.01	INDUSTRY: MACHINERY AND MECHANICAL APPLIANCES AND IMPLEMENTS			
317.06	4011.10	01.06	New pneumatic tyres. of rubber, for the manufacture of motor vehicles of a vehicle mass not exceeding 600 kg	Full duty

Source: SARS

2.1.4 Possible tariff loopholes

The Commission is not aware of any loopholes in the tariff descriptions. The SACU industry stated that there exists a risk that the subject products, if a dumping duty is imposed, can be imported under HS 8708.70 - “Road wheels fitted with tyres; wheel rims fitted with tyres.”

2.1.5 Other applicable duties and rebates

There are currently no other applicable duties and rebates on the subject products originating from the PRC, besides those listed in Table 2.1.3(a) and (b).

2.1.6 Negligibility test

The volumes of dumped imports into the SACU shall be considered negligible if they account for less than 3 percent of total imports of the subject products during the period of investigation (POI) for dumping. The following table shows the dumped imports as a percentage of the total imports:

Table 2.1.6: Negligibility test

	Import volumes - 01 August 2020 to 31 July 2021	Volumes as a % of total Imports
Tyres for motors cars		
HS 4011.10.01		
Dumped imports: PRC	466 701	81.38%
Other imports	106 802	18.62%
Total imports	573 505	100.00%
HS 4011.10.03		
Dumped imports: PRC	839 872	74.18%
Other imports	292 287	25.82%
Total imports	1 132 159	100.00%
HS 4011.10.05		
Dumped imports: PRC	711 329	56.77%
Other imports	451 731	43.23%
Total imports	1 253 060	100.00%
HS 4011.10.07		
Dumped imports: PRC	387 853	46.05%
Other imports	454 435	53.95%
Total imports	842 288	100.00%
HS 4011.10.09		
umped imports: PRC	824 306	36.27%
Other imports	1 448 110	63.73%
Total imports	2 272 416	100.00%

Tyres for buses or lorries		
HS 4011.20.16		
Dumped imports: PRC	286 361	69.43%
Other imports	126 085	30.57%
Total imports	412 446	100.00%
HS 4011.20.18		
Dumped imports: PRC	417 761	46.48%
Other imports	481 046	53.52%
Total imports	898 807	100.00%
HS 4011.20.26		
Dumped imports: PRC	649 587	74.55%
Other imports	221 716	25.45%
Total imports	871 303	100.00%

Total motors cars		
Dumped imports: PRC	3 230 061	53.18%
Other imports	2 843 365	46.82%
Total imports	6 073 426	100.00%
Total buses or lorries		
Dumped imports: PRC	1 353 709	62.02%
Other imports	828 843	37.98%
Total imports	2 182 556	100.00%
Combined subject products		
Dumped imports: PRC	4 583 770	55.52%
Other imports	3 672 212	44.48%
Total imports	8 255 982	100.00%

*Other imports include import volumes from the PRC, which were found not to be dumped.

The table above indicates that imports of the subject products for all tariff sub-headings were above the 3% negligibility level. The Commission made a final determination that imports from the PRC were above the negligibility level in terms of ADR16.2.

2.1.7 Raw materials used

The Applicant stated that raw materials used include rubber (natural and synthetic), carbon black, sulphur and other chemicals, textiles (rayon, nylon, polyester, and aramid fibres) and steel cord.

2.1.8 Production process

The Applicant described the production process is described as follows:

Introduction:

Pneumatic tyres are manufactured according to relatively standardized processes and machinery. A tyre is manufactured by wrapping multiple layers of specially formulated rubber around a metal drum in a tyre-forming machine. The different components of the tyre are carried to the forming machine, where a skilled assembler cuts and positions the strips to form the different parts of the tyre, called a "green tyre" at this point. When a green tyre is finished, the metal drum collapses, allowing the tyre assembler to remove the tyre. The green tyre is then taken to a mould for curing.

Manufacturing Process:

- (i) The first step in the tyre manufacturing process is the mixing of raw materials to form the rubber compound. Railcars deliver large quantities of natural and synthetic rubber, carbon black, sulphur, and other chemicals and oils, all of which are stored until needed. Computer control systems contain various recipes and can automatically measure out specific batches of rubber and chemicals for mixing. Gigantic mixers, hanging like vertical cement mixers, stir the rubber and chemicals together in batches weighing up to 1,100 pounds.
- (ii) Each mix is then re-milled with additional heating to soften the batch and mix the chemicals. In a third step, the batch goes through a mixer again, where additional chemicals are added to form what is known as the final mix. During all three steps of mixing, heat and friction are applied to the batch to soften the rubber and evenly distribute the chemicals. The chemical composition of each batch depends on the tyre part—certain rubber formulations are used for the body, other formulas for the beads, and others for the tread.
- (iii) Once a batch of rubber has been mixed, it goes through powerful rolling mills that squeeze the batch into thick sheets. These sheets are then used to make the specific parts of the tyre. The tyre body, for instance, consists of strips of cloth-like fabric that are covered with rubber. Each strip of rubberized fabric is used to form a layer called a ply in the tyre body. A passenger car tyre may have as many as four plies in the body.

- (iv) For the beads of a tyre, wire bundles are formed on a wire wrapping machine. The bundles are then formed into rings, and the rings are covered with rubber.
- (v) The rubber for the tyre tread and sidewalls travels from the batch mixer to another type of processing machine called an extruder. In the extruder, the batch is further mixed and heated and is then forced out through a die—a shaped orifice—to form a layer of rubber. Sidewall rubber is covered with a protective plastic sheet and rolled. Tread rubber is sliced into strips and loaded into large, flat metal cases called books.
- (vi) The rolls of sidewall rubber, the books containing tread rubber, and the racks after the green tyre is made, it is put in a mould for curing. Shaped like a clam, the mould contains a large, flexible balloon. The tyre is placed over the balloon (bladder), and the mould closes. Next, steam is pumped into the balloon, expanding it to shape the tyre against the sides of the mould. After cooling, the tyre is inflated and tested.
- (vii) A green tyre is placed inside a large mould for the curing process. A tyre mould is shaped like a monstrous metal clam which opens to reveal a large, flexible balloon called a bladder. The green tyre is placed over the bladder and, as the clamshell mould closes, the bladder fills with steam and expands to shape the tyre and force the blank tread rubber against the raised interior of the mould. During this curing process, the steam heats the green tyre up to 280 degrees. Time in the mould depends on the characteristics desired in the tyre.
- (viii) After curing is complete, the tyre is removed from the mould for cooling and then testing. Each tyre is thoroughly inspected for flaws such as bubbles or voids in the rubber of the tread, sidewall, and interior of the tyre. Then, the tyre is placed on a test wheel, inflated, and spun. Sensors in the test wheel measure the balance of the tyre and determine if the tyre runs in a straight line. Because of the design and assembly of a modern tyre, rarely is one rejected.
- Once the tyre has been inspected and run on the test wheel, it is moved to a warehouse for distribution.

Quality Control:

- (i) Quality control begins with the suppliers of the raw materials. Today, a tyre manufacturer seeks suppliers who test the raw materials before they are delivered to the tyre plant. A manufacturer will often enter into special purchasing agreements with a few suppliers who provide detailed certification of the properties and composition of the raw materials. To ensure the certification of suppliers, tyre company chemists make random tests of the raw materials as they are delivered.
- (ii) Throughout the batch mixing process, samples of the rubber are drawn and tested to confirm different properties such as tensile strength and density. Each tyre assembler is responsible for the tyre components used. Code numbers and a comprehensive computer record-keeping system allow plant managers to trace batches of rubber and specific tyre components.
- (iii) When a new tyre design is being manufactured for the first time, hundreds of tyres are taken from the end of the assembly line for destructive testing. Some of the tyres, for example, are sliced open to check for air pockets between body plies, while others are pressed down on metal studs to determine puncture resistance. Still other tyres are spun rapidly and forced down onto metal drums to test mileage and other performance characteristics.
- (iv) A variety of non-destructive evaluation techniques are also used in tyre quality control. X-ray videography provides a quick and revealing view through a tyre. In an X-ray tyre test, a tyre is selected at random and taken to a radiation booth where it is bombarded with X-rays. A test technician views the X-ray image on a video screen, where tyre defects are easily spotted. If a defect shows up, manufacturing engineers review the specific steps of tyre component assembly to determine how the flaw was formed.
- (v) In addition to internal testing, feedback from consumers and tyre dealers is also correlated with the manufacturing process to identify process improvements.

2.1.9 Technical characteristics and appearance

The Applicant described the technical characteristics and appearance as follows:

- The materials of pneumatic tyres are synthetic rubber, natural rubber, fabric, and wire, along with carbon black and other chemical compounds that also goes through a vulcanization process.
- The mixed materials are cured, moulded, and further processed according to product specifications.
- Tyres consist of a tread and a body, with the tread provides traction, while the body provides containment for a quantity of compressed air.

2.1.10 Application or end use

The Applicant stated that the subject products are used in the commercial original equipment manufacturing, commercial aftermarket industry by being fitted to automotive vehicles such as motor cars, buses, Lorries and can also be used on trailers.

2.1.11 Substitutability

The Applicant stated that the imported products are fully substitutable with the SACU products.

2.2 SACU PRODUCT

2.2.1 Description

The Applicant described the SACU products as as new pneumatic tyres of rubber of a kind used on motor cars and on buses or lorries.

2.2.2 Production process

The Applicant described the production process is described as follows:

Introduction:

Pneumatic tyres are manufactured according to relatively standardized processes and machinery. A tyre is manufactured by wrapping multiple layers of specially formulated rubber around a metal drum in a tyre-forming machine. The different components of the tyre are carried to the forming machine, where a skilled assembler cuts and positions the strips to form the different parts of the tyre, called a "green tyre" at this point. When a green tyre is finished, the metal

drum collapses, allowing the tyre assembler to remove the tyre. The green tyre is then taken to a mould for curing.

Manufacturing Process:

- (i) The first step in the tyre manufacturing process is the mixing of raw materials to form the rubber compound. Railcars deliver large quantities of natural and synthetic rubber, carbon black, sulphur, and other chemicals and oils, all of which are stored until needed. Computer control systems contain various recipes and can automatically measure out specific batches of rubber and chemicals for mixing. Gigantic mixers, hanging like vertical cement mixers, stir the rubber and chemicals together in batches weighing up to 1,100 pounds.
- (ii) Each mix is then re-milled with additional heating to soften the batch and mix the chemicals. In a third step, the batch goes through a mixer again, where additional chemicals are added to form what is known as the final mix. During all three steps of mixing, heat and friction are applied to the batch to soften the rubber and evenly distribute the chemicals. The chemical composition of each batch depends on the tyre part—certain rubber formulations are used for the body, other formulas for the beads, and others for the tread.
- (iii) Once a batch of rubber has been mixed, it goes through powerful rolling mills that squeeze the batch into thick sheets. These sheets are then used to make the specific parts of the tyre. The tyre body, for instance, consists of strips of cloth-like fabric that are covered with rubber. Each strip of rubberized fabric is used to form a layer called a ply in the tyre body. A passenger car tyre may have as many as four plies in the body.
- (iv) For the beads of a tyre, wire bundles are formed on a wire wrapping machine. The bundles are then formed into rings, and the rings are covered with rubber.
- (v) The rubber for the tyre tread and sidewalls travels from the batch mixer to another type of processing machine called an extruder. In the extruder, the batch is further mixed and heated and is then forced out through a die—a shaped orifice—to form a layer of rubber. Sidewall rubber is covered with a protective plastic sheet and rolled. Tread rubber is sliced into strips and loaded into large, flat metal cases called books.

- (vi) The rolls of sidewall rubber, the books containing tread rubber, and the racks after the green tyre is made, it is put in a mould for curing. Shaped like a clam, the mould contains a large, flexible balloon. The tyre is placed over the balloon (bladder), and the mould closes. Next, steam is pumped into the balloon, expanding it to shape the tyre against the sides of the mould. After cooling, the tyre is inflated and tested.
- (vii) A green tyre is placed inside a large mould for the curing process. A tyre mould is shaped like a monstrous metal clam which opens to reveal a large, flexible balloon called a bladder. The green tyre is placed over the bladder and, as the clamshell mould closes, the bladder fills with steam and expands to shape the tyre and force the blank tread rubber against the raised interior of the mould. During this curing process, the steam heats the green tyre up to 280 degrees. Time in the mould depends on the characteristics desired in the tyre.
- (viii) After curing is complete, the tyre is removed from the mould for cooling and then testing. Each tyre is thoroughly inspected for flaws such as bubbles or voids in the rubber of the tread, sidewall, and interior of the tyre. Then, the tyre is placed on a test wheel, inflated, and spun. Sensors in the test wheel measure the balance of the tyre and determine if the tyre runs in a straight line. Because of the design and assembly of a modern tyre, rarely is one rejected. Once the tyre has been inspected and run on the test wheel, it is moved to a warehouse for distribution.

Quality Control:

- (i) Quality control begins with the suppliers of the raw materials. Today, a tyre manufacturer seeks suppliers who test the raw materials before they are delivered to the tyre plant. A manufacturer will often enter into special purchasing agreements with a few suppliers who provide detailed certification of the properties and composition of the raw materials. To ensure the certification of suppliers, tyre company chemists make random tests of the raw materials as they are delivered.
- (ii) Throughout the batch mixing process, samples of the rubber are drawn and tested to confirm different properties such as tensile strength and density. Each tyre assembler is responsible for the tyre components used. Code

numbers and a comprehensive computer record-keeping system allow plant managers to trace batches of rubber and specific tyre components.

- (iii) When a new tyre design is being manufactured for the first time, hundreds of tyres are taken from the end of the assembly line for destructive testing. Some of the tyres, for example, are sliced open to check for air pockets between body plies, while others are pressed down on metal studs to determine puncture resistance. Still other tyres are spun rapidly and forced down onto metal drums to test mileage and other performance characteristics.
- (iv) A variety of non-destructive evaluation techniques are also used in tyre quality control. X-ray videography provides a quick and revealing view through a tyre. In an X-ray tyre test, a tyre is selected at random and taken to a radiation booth where it is bombarded with X-rays. A test technician views the X-ray image on video screen, where tyre defects are easily spotted. If a defect shows up, manufacturing engineers review the specific steps of tyre component assembly to determine how the flaw was formed.
- (v) In addition to internal testing, feedback from consumers and tyre dealers is also correlated with the manufacturing process to identify process improvements.

2.2.3 Raw Material used

The Applicant stated that raw materials used include rubber (natural and synthetic), carbon black, sulphur and other chemicals, textiles (rayon, nylon, polyester, and aramid fibres) and steel cord.

2.2.4 Application or end use

The Applicant stated that the subject products are used in the commercial original equipment manufacturing, commercial aftermarket industry by being fitted to automotive vehicles such as motor cars, buses, lorries and can also be used on trailers.

2.2.5 Technical characteristics and appearance

The Applicant described the technical characteristics and appearance as follows:

- The materials of pneumatic tyres are synthetic rubber, natural rubber, fabric, and wire, along with carbon black and other chemical compounds that also goes through a vulcanization process.
- The mixed materials are cured, moulded, and further processed according to product specifications.
- Tyres consist of a tread and a body, with the tread provides traction, while the body provides containment for a quantity of compressed air.

2.2.6 Substitutability

The Applicant stated that the imported products are fully substitutable with the SACU products.

2.2.7 LIKE PRODUCTS ANALYSIS

In determining the likeness of products, the Commission uses the following criteria:

Table 2.2.7: Like product determination

	Imported product	SACU product
Raw materials	Raw materials used include rubber (natural and synthetic), carbon black, sulphur and other chemicals, textiles (rayon, nylon, polyester, and aramid fibres) and steel cord.	Raw materials used include rubber (natural and synthetic), carbon black, sulphur and other chemicals, textiles (rayon, nylon, polyester, and aramid fibres) and steel cord.
Technical characteristics and appearance	The materials of pneumatic tyres are synthetic rubber, natural rubber, fabric, and wire, along with carbon black and other chemical compounds that also goes through a vulcanization process. The mixed materials are cured, moulded, and further processed according to product specifications. Tyres consist of a tread and a body, with the tread provides traction, while the body provides containment for a quantity of compressed air.	The materials of pneumatic tyres are synthetic rubber, natural rubber, fabric, and wire, along with carbon black and other chemical compounds that also goes through a vulcanization process. The mixed materials are cured, moulded, and further processed according to product specifications. Tyres consist of a tread and a body, with the tread provides traction, while the body provides containment for a quantity of compressed air.
Tariff classification	HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, HS 4011.10.09, HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26	HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, HS 4011.10.09, HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26
Production process	Described in paragraph 2.1.8	Described in paragraph 2.2.2

	Imported product	SACU product
Application or end use	The subject products are used in the commercial original equipment manufacturing, commercial aftermarket industry by being fitted to automotive vehicles such as motor cars, buses, Lorries and can also be used on trailers.	The subject products are used in the commercial original equipment manufacturing, commercial aftermarket industry by being fitted to automotive vehicles such as motor cars, buses, Lorries and can also be used on trailers.
Substitutability	The imported products are fully substitutable with the SACU products.	The imported products are fully substitutable with the SACU products.

Comments from interested parties to the preliminary report

- (i) Tyres used on motor cars and buses or lorries do not constitute a product due to significant differences in main uses, applications, interchangeability, characteristics, consumer perception, HS code and the lack of competitive relationship in the same market.
- (ii) Prices of budget products are at levels that could warrant additional duties, as premium products are priced higher than the budget products.
- (iii) Original Equipment and Replacement markets are different sectors/segments in SACU market and a market segment analysis is requested, especially under the fact that no tyres imported from the PRC entered the OE market of the SACU domestic market.

Applicant's comments

- (i) At no point did SATMC present or imply that the groupings of motor cars and buses or lorries, of new pneumatic tyres of rubber, constitute "A product"; i.e., a 'single product'. In addition, a focus is being made on the different uses and applications, stating that there are significant differences in characteristics in tyres for motor cars and of buses or lorries. However, within the motor car grouping in SACU, exists a notable caravan market, with many owners fitting light truck tyres instead of passenger tyres due to domestic conditions. There is also a misguidance about the SACU market, for example that tyres for motor cars are limited for use to daily commuting on paved roads whereas many of the actual roads are not paved (or tarred).
- (ii) The SATMC as part of its 'merely arbitrary objection' stated that the SACU manufacturers are not the sole suppliers of tyres to the Original Equipment market in SACU. Accordingly, the SACU industry directly competes with the

imports of the subject products in the SACU market and that the material injury assessment is required to be done of the SACU market and SACU industry as a whole, not only the Replacement Market and on a non-segmented basis. The SATMC further rejects any claim for a sectoral/segmental analysis being a requirement.

Commission's consideration

- (i) The scope and the subject of this investigation is new pneumatic tyres of rubber of a kind used on motor cars and on buses or lorries as indicated in the notice of initiation. To ensure that “apples are compared to apples”, the dumping margin calculations considered models and material injury analysis considered the tariff subheadings/categories of the subject product.
- (ii) All tyres which are the scope of this investigation whether premium or budget are imported and cleared under the same tariff subheadings. The Commission calculates the dumping margin based on whether the export price is lower than normal value in the country of origin and this is done on a model-by-model basis prior to the imposition of a dumping duty if the product under investigation is found to be dumped. This addresses the matter of premium tyres/models in the domestic market being compared with premium tyres/models in the SACU market.
- (iii) The investigation is on new pneumatic tyres of rubber which are imported in the tariff sub-headings indicated in the notice of initiation, whether destined for OE market or replacement market. SACU producers provided all their sales and production information whether for the OE market or replacement market.

After taking the above into consideration, the Commission made a final determination that the SACU products and the imported products are “like products”, for purposes of comparison, in terms of the definition of “like product” in Regulation 1 of the ADR.

3. INDUSTRY STANDING

The application was lodged by SATMC, an industry body of the SACU industry, on behalf of its members. The members of the SATMC are Bridgestone South Africa (Pty) Ltd., Continental Tyre South Africa (Pty) Ltd., Goodyear South Africa (Pty) Ltd., and Sumitomo Rubber South Africa (Pty) Ltd., and together constitute 100% of the domestic production of the subject products in SACU.

The Commission made a final determination that the application can be regarded as being made by or on behalf of the domestic industry.

Comments by interested parties to the essential facts letter

SATMC is also an importer, this has not been provided in the Essential Facts Letter and therefore it cannot be commented on whether it has industry standing.

Commission's consideration

The essential facts letter specified that the industry standing is based on domestic production of the SACU industry. The SACU industry imported the subject product, however their imports were not included in the determination of industry standing.

4. DUMPING

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

4.1 METHODOLOGY IN THIS INVESTIGATION FOR THE PRC-LIMITING THE INVESTIGATION (SAMPLING)

The Commission at its meeting of 12 April 2022, considered that it received questionnaire responses from approximately 62 foreign producers/exporters and 18 importers. It also considered the products involved, resources available to conduct the investigation and the legislated 18 months' period to conduct anti-dumping investigations. Taking all this into account and in accordance with ADR8.6, the Commission made a determination to limit its investigation (commonly referred to as sampling) to a reasonable numbers of exporters which were determined in terms of ADR 8.6 (a). ADR8.6 (a) states that "in cases where the number of producers, exporters, importers or types of products is large, the investigation may be limited to a reasonable number of parties or types of products by using - (a) the largest percentage of exports from the country in question which can be reasonably be investigated."

The Commission notified all interested parties, including the Applicant, of its decision to limit the investigation and the consultation process in terms of ADR8.7 was undertaken. A list of foreign producers that were selected to be part of the limitation of the investigation which was selected in accordance with ADR8.6 (a) was provided to all interested parties, furthermore, the Commission communicated the following:

- Foreign producers/exporters that were selected for sampling are required to address the identified deficiencies within the specified deadline;
- Foreign producers/exporters not selected for sampling and do not request an individual dumping margin will be subject to a weighted average margin of dumping established with respect to the sampled foreign producers/exporters and need not address identified deficiencies; and
- Foreign producers/exporters that are not selected for sampling which require the Commission to determine individual dumping margins in line with ADR 8.8, may

submit such a request and/or responses to the Commission for its consideration and also should ensure that all deficiencies identified are addressed within the specified deadline.

The following foreign producers/exporters were selected for sampling and represent more approximately more than 50% of total imports of the subject products to SACU during the period of investigation for dumping:

- (i) Shouguang Firemax Tyre Co., Ltd. (“Firemax”);
- (ii) Shandong Xinghongyuan Tyre Co., Ltd. (“Xinghongyuan”);
- (iii) Sailun Group of companies which comprise of Sailun (Dongying) Tire Co., Ltd. (“Sailun Dongying”), Sailun Group Co., Ltd. (“Sailun Group”), Sailun (Shenyang) Tire Co., Ltd. (“Sailun Shenyang”) and Sailun Group (Hong Kong) Co., Ltd.;
- (iv) Shandong Shuangwang Rubber Co., Ltd. (“Shuangwang”) and Shandong Hongde Trade Co., Ltd. (“Hongde”);
- (v) Shandong Haohua Tire Co., Ltd. (“Haohua”);
- (vi) Shandong Habilead Rubber Co., Ltd. (“Habilead”);
- (vii) Shandong Changfeng Tyres Co., Ltd (“Changfeng”); and
- (viii) Shandong Yongfeng Tyre Co., Ltd (“Yongfeng”).

The Commission further considered that the sample is representative of the tyre industry in the PRC, as it constituted small, medium and large tyre producers based on their production and sales volumes. The sample of foreign producers/exporters covered tyres for motor cars and buses or lorries tyres. The tyres produced and sold by the sampled foreign producers/exporters in the Chinese domestic market and export markets including SACU comprises of all tyre sizes which are part of tariff subheadings which are the subject to this investigation.

Responses from the sampled producers/exporters and those that requested individual dumping margins were found to be deficient and the Commission made a preliminary determination not to consider deficient responses in accordance with ADR31.3. The Commission further made a determination that the individual dumping margins requested by producers/exporters that were not selected to be part of the sample be not

determined, as it would be unduly burdensome considering the available resources and legislated time frames for conducting anti-dumping investigations.

As part of ongoing consultation and considering submissions from all interested parties, foreign producers/exporters provided their actual SACU export volumes of the subject products, the tariff subheadings these volumes fall under and an estimated size of their companies based on estimated production volumes of the subject products.

Producers/exporters which were selected to be part of the sample submitted their questionnaire responses addressing deficiencies after the Commission's preliminary determination in accordance with ADR35.5. Their questionnaire responses were still found to be deficient with the exception of Firemax and Xinghongyuan. The Commission made a final determination to use information from all the sampled producers for the final determination as it is the best information available.

Producers/exporters that requested individual dumping margins also submitted their questionnaire responses after the preliminary determination and requested the Commission to reconsider its preliminary determination pertaining to this issue. The Commission made a final determination not to determine individual dumping margins for the producers not selected as it would be unduly burdensome to the Commission.

4.2 DUMPING

METHODOLOGY APPLICABLE TO THE TEN FOREIGN PRODUCERS/EXPORTERS

Foreign producers/exporters that were selected for limiting the investigation produced and sold various models of the subject product in the Chinese domestic market and export markets.

It was found that the foreign producers/exporters determined models of tyres based on various characteristics which are tyre rim size, width, material composition, threads, product code numbers (PCN), usage, etc. The Commission made a final determination to accept the criteria of determining models as provided by each foreign producer/exporter.

The Commission further made a final determination that the normal value be determined based on those models that are comparable to models exported to SACU, where applicable. Furthermore, to determine models of the subject product based on criteria used by each specific foreign producer/exporter. The Commission in its normal value made a final determination to consider ADR8.2 and 8.3.

ADR8.2 stipulates that domestic sales or export sales to a third country may be considered to be not in the ordinary course of trade if the Commission determines that such sales –

(a) Took place at prices below total costs, including cost of production and administrative, selling, general and packaging costs, provided such sales took place -

(i) In substantial quantities equalling at least 20 percent by volume of the total domestic sales during the investigation period; and

(ii) Over an extended period of time, which the period shall normally be a year, but in no case less than 6 months;

(b) were made to a related party; or

(c) do not reflect normal commercial quantities.

Therefore, the remaining sales transactions were utilised for normal value determination, provided they meet ADR8.3 which states “domestic sales of the like product shall normally be considered a sufficient volume to determine a normal value if such sales constitute 5 percent or more of the sales volume of the product to the SACU. Sales representing less than five percent of the export sales to the SACU may nevertheless be deemed sufficient, where such sales are of sufficient magnitude to provide a proper comparison”.

In instances where there were no domestic sales of a specific model, the Commission made a final determination to use either a constructed normal value, or sales to a third country that meet the requirements of ADR8.2 and 8.3, or sales of a similar model to that exported to the SACU market. The constructed normal value was determined in line with ADR 8.9, 8.10, 8.11, 8.12, and 8.13.

In choosing whether the normal value of a specific model would be determined based on a sale to third country or constructed, the Commission noted that there is no requirement in the ADR, Anti-dumping Agreement or statute which prescribes the method which takes precedence over the other.

This was confirmed by The Panel in US – OCTG (Korea), which found that Article 2.2 of the Anti-Dumping Agreement does not contain any criteria governing the choice to be made by an investigating authority between the two alternative methods (third country vs constructed normal value) for determining normal value, and that therefore Members are free to adopt their own criteria in this regard. It found that Article 2.2 neither expressly limits nor directs how the authority should reach that choice. Thus, the authority is free to choose which method to use based on its own criteria, should it choose to have them. Therefore, we consider that Article 2.2 does not preclude an investigating authority from establishing its own criteria for choosing which method to use.

When selecting the third country, there is no requirement in law that stipulates how a third country should be selected, the Regulations and the Agreement merely stipulate that the sales in the third country should be in the ordinary course of trade and in accordance with ADR8.2 and ADR8.3. The Commission normally uses the following criteria to evaluate and select an appropriate third country:

- i) Volumes exported to that country are comparable to the volumes exported to SACU;
- ii) Customers exported to in that country are comparable to the customers exported to in SACU, i.e., if the company only exported to wholesalers, a country should be selected where exports were only to wholesalers, etc. and
- iii) Country exported to, should have a domestic manufacturing industry.

The Commission noted that due to the number of models each producer exports to SACU and may require third country selection, the criteria were considered in each model, but as in past investigations, the criteria would either be fully met, partially met, or subjectively met. The Commission made a final determination to consider its criteria for third country investigation, however it noted that the criteria may in some

instances not be met, and therefore it made a determination that when the an appropriate third country is selected, the third country should meet the requirements of the ADR and ADA are adhered with. The Commission noted that some of the reasons that may result in the criteria not being met are as follows:

- The models produced are different and numerous and in some cases, they are country or region specific;
- Some tyres/models are exported mainly to countries with no industry.

When constructing a normal value for all the below selected exporters, the cost of production, plus SG&A costs, and a reasonable profit was used. Inventory movements were not considered. The reasonable profit was determined based on the weighted average profit of all profitable models. The weight was based on domestic sales quantities of each producer.

Comments by interested parties on the essential facts letters

The profit percentage was not weighted, the Commission merely did a simple average.

Commission's consideration

The Commission took note of the panel ruling on EC Bed Linen which indicated that the amounts for SG&A and profits must be weighted averages, however nothing specifies the factor to be used in calculating those weighted averages. It further noted that either volume or value may be used, and the fact that the choice of factor will affect the outcome is simply irrelevant. The Commission made a final determination that the weighted profit percentage using domestic sales volumes be applied for purposes of the constructed normal values.

The normal values, export prices, and dumping margins for the producers/exporters were determined as follows:

4.3 Firemax

4.3.1 Normal value

Firemax produced more than 300 models of PCR, LTR, and TBR tyres and exported 147 models to SACU during the POI.

The Commission made a final determination to use domestic sales of models which are comparable to those exported to SACU. The domestic sales schedule indicated that sales were either ex-works or delivered. In instances where there were no domestic sales of a specific model or if sales were not made in the ordinary course of trade, the Commission made a final determination to use a constructed normal value

It was found that there were four models that were sold to SACU that were not produced during the POI. The Commission made a final determination that the normal value of these models be constructed based on similar models exported to SACU.

The constructed normal value was determined based on actual verified costs of production, plus SG&A costs and a reasonable profit based on the weighted average of all the profitable models.

Therefore taking the above into consideration, 122 models had their normal values based on domestic sales information and the remaining 25 models were constructed normal values.

4.3.2 Adjustments to normal value

Firemax claimed adjustments for cost of payment terms and delivery charges. These adjustments were not indicated in the invoices or any sales document. The company provided an editable Microsoft Excel price list with these terms however, proof of this document being sent/communicated to customers was not provided. These terms could not be linked to any of the transactions. The Commission therefore made a final determination not to allow these adjustments to the normal value as they were not properly substantiated, not verifiable, were not directly related to any sale under consideration, and were not demonstrated to have affected price comparability at the time of setting prices.

Comments by Firemax to the essential facts letter

The payment terms and the delivery terms of the domestic sales are not indicated in the invoices as the VAT invoices in the PRC have fixed format with no indication of the payment terms as well as the delivery terms and the fixed format cannot be changed. The payment terms and the delivery terms of Firemax's domestic sales are indicated in

the price lists, which were provided to the officers during the verification. During the normal domestic trade, it is common to use an editable Microsoft Excel price list as there are many models of the tyres to be sold and it is more convenient for the domestic customers to check the price and estimate the sales value.

During the verification, there was a misunderstanding regarding the request of the sample of an email sent to a customer with a price list. It was not known the investigating officers were requesting such documents because at the end of the verification, when we checked on the remaining documents to be sent to the investigating officers, such documents were not mentioned. After receiving Firemax's Confidential Verification Report, Firemax immediately provided the sample of an email sent to a customer with a price list.

Commission's consideration

The sample of the email sent to the customer was perused. It was found that the contents of this attachment could not be confirmed, whether indeed it is a price list, and it cannot be determined which transaction or customer it is applicable to as the email address does not have the full name. The MS excel document indicated to be sent to interested parties was sent as a scanned email document with an MS Excel spreadsheet that cannot be opened and its contents cannot be determined. The verification report is sent to interested parties to solicit comments and it does not serve as an opportunity to provide new information which was outstanding at verification and nor does it serve as a decision of the Commission. The Commission made a final determination that the adjustments claimed were still not substantiated, verifiable and there was no proof that it affected price comparability at the time of setting of prices.

4.3.3 SACU export price

The Commission made a final determination to determine the SACU export price based on the 147 models exported to SACU during the POI. All sales transactions were made on FOB basis.

4.3.4 Adjustments to SACU export price

Firemax claimed adjustments for cost of payment terms, inland freight charges and port handling charges. The payment terms and delivery terms were indicated on the sales

contracts. It was found that bank charges were incurred on sales transactions applicable to SACU, however these bank charges were not claimed as an adjustment in the exporter questionnaire response. The Commission made a final determination to allow adjustments to SACU export price, including bank charges as they were substantiated, verifiable, directly related to the sale under consideration, and were demonstrated to have affected price comparability at the time of setting prices.

4.3.5 Dumping margin

The weighted average margin of dumping for Firemax was determined to be 7.34% when expressed as a percentage of the ex-factory export price.

4.4 Xinghongyuan

4.4.1 Normal value

Xinghongyuan produced more than 300 models of PCR and LTR tyres and exported 162 models to SACU during the POI.

In its CBU, it was found that Xinghongyuan accounted for research and development (R&D) expenses as a deduction in the cost and price build-up. The Commission made a final determination to add R&D expenses in the total cost of production.

The Commission made a final determination not to use transactions with invoice numbers which commenced with "SOUT" and "QOUT" that were for internal use in R&D, and those transactions which commenced with "PSEFP" that had no invoice describing the terms of the specific sale, for normal value determination.

The Commission made a final determination to use domestic sales of models which are comparable to those exported to SACU. Domestic sales were indicated on the domestic sales schedule to be made on a delivered basis. In instances where there were no domestic sales of a specific model or if sales were not made in the ordinary course of trade, the Commission made a final determination to use a constructed normal value

The constructed normal value was determined based on actual verified costs of production, plus SG&A costs and a reasonable profit based on the weighted average of all the profitable models.

Based on the above the normal values for 133 models were based on domestic sales, while the remaining 29 models were based on constructed normal values.

4.4.2 Adjustments to normal value

Xinghongyuan claimed adjustments for discounts and delivery charges. Discounts were indicated in the invoices and contracts. Delivery charges were indicated in the order of each transaction.

The Commission made a final determination to allow these adjustments to normal value as they were substantiated, verifiable, directly related to the sale under consideration and were demonstrated to have affected price comparability at the time of setting prices.

4.4.3 SACU export price

The Commission made a final determination to determine the SACU export price based on the 162 models exported to SACU during the POI. All sales to SACU were made through traders on FOB basis.

4.4.4 Adjustments to SACU export price

Xinghongyuan claimed adjustments for cost of payment terms, inland freight costs & handling charges and customs declaration fees. The Commission made a final determination to allow all these adjustments as they were substantiated, verifiable, directly related to the sale under consideration and were demonstrated to have affected price comparability at the time of setting prices.

4.4.5 Dumping margin

The weighted average margin of dumping for Xinghongyuan was determined to be 1.41% when expressed as a percentage of the ex-factory export price. This dumping margin is *de minimis* and no anti-dumping duty will therefore apply to this company.

4.5 Changfeng

4.5.1 Normal Value

Changfeng produced more than 2 400 models of PCR, LTR and TBR tyres and exported 653 models to SACU during the POI. The company also sold products that

were purchased from other companies. For normal value determination, the Commission used models which are comparable to those exported to SACU.

In the CBU, the Commission made a determination not to take into account inventory variation and purchased products when determining the production costs.

The Commission found that in the domestic market more than 95% of sales were made through a related company. The Commission made a determination that sales made by Changfeng in the domestic market to its related party were not made in the ordinary course of trade as per ADR8.2 (b). It is noted that sales from the related party to first independent customers were provided in D1.2 of the exporter response, however a link of the sales from Changfeng to the related party and thereafter to the first independent customer could be done as the related firm also sells goods sourced from other suppliers, therefore goods from the related company to first independent customer may include products from Changfeng and other producers or suppliers. As a result, sales from Changfeng to the final independent buyer could not be confirmed. Therefore the Commission made a final determination that products resold by the related company to independent customers are not in the condition as sold by Changfeng to that related party and therefore the normal value cannot be determined in accordance with ADR9.1 (a). The Commission made a final determination that the goods were resold to independent customers by the related company in accordance with ADR9.1 (b), which is not in the condition as sold by Changfeng, and therefore the normal values for all comparable models sold to SACU were determined in accordance with ADR 9.1 (b)(ii), that is constructed normal values.

After taking into account related party sales, the remaining sales were for sample/self-use/unqualified/inferior tyres. The Commission made a final determination to not consider sample testing/self-use/unqualified/inferior tyres for normal value determination. The Commission found one transaction to an independent customer, and it was for a sale of tyres that were not comparable to those exported to the SACU market, and therefore cannot be used for normal value determination.

The constructed normal values were determined based on actual verified costs of production, plus SG&A costs and a reasonable profit based on the weighted average of

all the profitable models, and in instances where comparable models were not produced during the POI, the Commission determined the normal values based on similar models.

4.5.2 SACU export price

The Commission made a final determination to determine the SACU export price based on the 653 models exported to SACU during the POI that were produced by Changfeng. The sales were made on FOB/CIF/C&I/CFR and the delivery terms were indicated in the commercial invoices. The amount recorded in the sales schedule was the FOB value in the invoice.

Changfeng made sales to SACU through its related companies, other traders and directly to SACU customers.

4.5.3 Adjustments to SACU export price

Changfeng claimed adjustments for cost of payment terms, inland freight costs, port handling charges and cost of tubes and flaps. There were some transactions without inland freight costs and port handling charges. The Commission made a determination to allocate these costs based on the average percent applicable to all other transactions. The Commission therefore made a final determination to allow all these adjustments as they were substantiated, verifiable, directly related to the sale under consideration and were demonstrated to have affected price comparability at the time of setting prices.

4.5.4 Dumping margin

The weighted average margin of dumping for Changfeng was determined to be 21.56% when expressed as a percentage of the ex-factory export price.

4.6 Yongfeng

4.6.1 Normal Value

Yongfeng produced more than 3700 models of PCR, LTR and TBR and exported 329 models to SACU during the POI. For normal value determination, the Commission used models which are comparable to those exported to SACU.

Yongfeng also produced the subject product for a related company. The Commission made a final determination that the costs applicable to the production of goods for the

related party be not considered for normal value determination and for ordinary course of trade analysis. The Commission further made a final determination to reallocate selling expenses from the goods produced for the related party to goods produced for sales by Yongfeng.

The Commission made a final determination not to take into account inventory variation and purchased products when determining the production costs.

The Commission found that in the domestic market more than 90% of sales were made through a related company. The Commission made a determination that sales made by Yongfeng in the domestic market to its related party were not made in the ordinary course of trade as per ADR8.2 (b). It is noted that sales from the related party to first independent customers were provided in D1.2 of the exporter response, however a link of the sales from Yongfeng to the related party and thereafter to the first independent customer could be done as the related firm also sells goods sourced from other suppliers, therefore goods from the related company to first independent customer may include products from Yongfeng and other producers or suppliers. As a result, sales from Yongfeng to the final independent buyer could not be confirmed. Therefore the Commission made a final determination that products resold by the related company to independent customers are not in the condition as sold by Yongfeng to that related party and therefore the normal value cannot be determined in accordance with ADR9.1 (a). The Commission made a final determination that the goods were resold to independent customers by the related company in accordance with ADR9.1 (b), which is not in the condition as sold by Yongfeng, and therefore the normal values for all comparable models sold to SACU were determined in accordance with ADR 9.1 (b)(ii), that is constructed normal values and exports to an appropriate third country.

After taking into account related party sales, the remaining sales were for sample/self-use/unqualified/inferior tyres. The Commission made a final determination not to consider sample testing/self-use/unqualified/inferior tyres for normal value determination. The Commission found one transaction to an independent customer, and the Commission made a determination that this transaction does not to meet the requirements of ADR8.3.

The constructed normal values were determined based on actual verified costs of production, plus SG&A costs and a reasonable profit based on the weighted average of all the profitable models. Sales to an appropriate third country were also used for normal value determination, and where a model comparable to SACU was not sold to any appropriate third country, a model similar to that model comparable to SACU was selected.

Taking the above into consideration, 60 models were determined using a constructed normal value, 255 models were based on sales to an appropriate third country, while for 14 models there were no comparable models with those exported to SACU in any third country, therefore similar models of those exported to SACU were used from an appropriate third country.

4.6.2 Third country sales

The Commission made a final determination to determine the third country export price based on third country sales of the subject product produced by Yongfeng.

4.6.3 Adjustments to third country sales

Yongfeng claimed adjustments for cost of payment terms, inland freight costs, port handling charges and cost of tubes and flaps. The Commission made a final determination to allow all these adjustments as they were substantiated, verifiable, were directly related to the sale under consideration and and were demonstrated to have affected price comparability at the time of setting prices.

4.6.4 SACU export price

The Commission made a final determination to determine the SACU export price based on the 329 models exported to SACU during the POI that were produced by Yongfeng. The sales were made on FOB/CIF/C&I/CFR and the delivery terms were indicated in the commercial invoices. The amount recorded in the sales schedule was the FOB value in the invoice.

There were sales which were destined for other markets included as part of SACU sales, the Commission made a determination not to consider such sales for SACU export price.

4.6.5 Adjustments to SACU export price

Yongfeng claimed adjustments for cost of payment terms, inland freight costs and port handling charges. The Commission made a final determination to allow all these adjustments as they were substantiated, verifiable, were directly related to the sale under consideration and were demonstrated to have affected price comparability at the time of setting prices.

4.6.6 Dumping margin

The weighted average margin of dumping for Yongfeng was determined to be 9.14% when expressed as a percentage of the ex-factory export price.

Comments by Changfeng and Yongfeng to the essential facts letter

- (i) ITAC has not disclosed to us (a) detailed workings of constructed normal value for each PCN and (b) detailed workings of profit percentage used for the determination of normal value. Despite the explanation ITAC provided, we have not been able to arrive at the figures calculated by ITAC. In the absence of this information, the company's ability to effectively respond to the essential facts is curtailed.
- (ii) ITAC has treated Changfeng, Yongfeng and Mirage as one single economic entity and determined one single weighted average dumping margin for them. So, it should not matter whether back-to-back linkage for subject goods produced by each of these producers is available or not. So long as the related trader has provided the resale information to first independent buyer for subject goods purchased from three related producers, it is sufficient information for ITAC to determine the normal value based on domestic sales.
- (iii) ITAC has not considered the inventory adjustment while determining the total cost for the purposes of calculating selling profit. This is not in consonance with the "matching concept" universally recognised under GAAP. Due to absence of such inventory adjustment, the profit margin is incorrect and unreasonable. Therefore, ITAC must consider inventory adjustment for calculation of total cost and consequently the selling profit.

- (iv) As per our understanding, ITAC has not considered the distribution cost while determining the total cost for the purpose of arriving at reasonable profit margin. To this extent as well, the profit margin is exaggerated and unrealistic.
- (v) ITAC should consider the domestic sales price of Changfeng/Yongfeng to either the related or unrelated parties for determination of normal value to bring parity between normal value and export price determination. Such consideration will permit fair comparison between normal value and export price.
- (vi) It is submitted that in case of exports to SACU through related traders, related trader's sale price to unrelated customers in SACU should be adopted for determination of export price. This is because it is only when the related party exports the product, that the export price can be determined. Before that point, it is an internal sale, and not an export transaction. We are advised that in the *Bone-in chicken portions (Germany, Netherlands, UK)* investigation, ITAC adopted this practice in respect of Wiesenhof of Germany, where the producers sold the products to a related party (Wiesenhof International), who exported the product to SACU. ITAC correctly used Wiesenhof International's prices to SACU as the export price, rather than the prices of the producer to Wiesenhof International. In the present investigation, ITAC is using an internal selling price to determine the export price, which is incorrect.

Commission's consideration

- (i) The Commission considered that the essential facts letter explicitly explained all processes and information used to arrive at the dumping margins. It also had the exact amounts for normal values, export prices and dumping margins. The Commission provided further clarity sought by Changfeng and Yongfeng on certain information that was unclear, and both companies did not indicate to the Commission that it had outstanding issues after the clarity was provided. The Commission would have provided further information and clarity to the exporters had they indicated that they are not able to arrive at any of the values provided, taking note that there was ample time to do such, since the Commission had offered all interested parties extra 7 days to comment to the essential facts letters. Furthermore, the intention of the essential facts letter is not to provide detailed workings of the calculations.

- (ii) The single entity dumping margin determination for related companies is in line with the ADR and ADA, and it minimises the risk of circumvention between related producers. It is not applicable to the analysis of normal value and export price of the respective producers. The information as supplied would not enable the Commission to do the required ordinary course of trade test and therefore is not sufficient for consideration of normal value determination. The Commission also did not verify the related party to ascertain that it only sold goods produced by Yongfeng and Changfeng, or any other producer, however, from the comment of the interested party it is clear that it also sold goods produced by Mirage amongst other producers, and information from Mirage was not verified due to the exporters not disclosing their relationship with Mirage. Therefore the Commission noted that the information from the related party was not appropriately submitted, so that it could be used without undue difficulties, and would require more information being supplied.
- (iii) The weighted average profit used for constructed normal values was sourced in the CBUs of the producers based on what was earned during the POI and it is the investigator's opinion that this is a reasonable profit. It is noted that there is a possibility that inventory variations may affect profits realised, however the information on the inventory variations relate to information outside the POI which was included by the foreign producers, even though not required in the questionnaire response or CBU format provided by the Commission.
- (iv) The weighted average profit used did not take into account distribution costs as it is at ex-factory level. Taking into account distribution costs will be inconsistent with Article 2.2 of the ADA, as was confirmed by the WTO panel in Morocco – Definitive AD Measures on Exercise Books (Tunisia)..... the panel stated that “[I]f the investigating authority decides to construct normal value at the 'ex-factory stage', it should take into account only administrative, selling and general costs and expenses that are part of an ex-factory level price. In this case, the 'distribution cost' (and, in particular, the costs for transportation from the factory door to the delivery point specified in the contract) is not part of the ex-factory level price. It would therefore not be 'reasonable' to include the 'distribution cost' in a constructed normal value at the ex-factory level.”
- (v) The normal value to their related party was determined to be not in the ordinary course of trade as per ADR8.2 (c), thus ADR9.1 applied, and the normal value

was constructed. Therefore the comparisons of normal value and export prices are ex-factory level.

- (vi) The case of Wiesenhof cited by Yongfeng and Changfeng had different dynamics and merits, and therefore it is not applicable for the two foreign producers. Furthermore it should be noted that all SACU export sales made through related traders were not considered because their destination was not SACU, although they were in the SACU sales schedule. Therefore only sales made directly to SACU or through unrelated parties were considered for export price and they were at ex-works.

Comments by the Applicant to the essential facts letter

The Commission should have not verified Changfeng and Yongfeng as they sold their domestic sales through a related trader that did not provide sales to the first independent customer or any sales information to the Commission. The Commission constructing the normal value based on cost information of Yongfeng and Changfeng is inconsistent with the Regulations, construction should be done with regards to the first independent customer. The Commission should apply a residual dumping margin for these two companies as they did not fully comply with the regulations.

Commission's consideration

The Commission considered that verifications are conducted in line with ADR18, and the reasons for not verifying the foreign producer are not found in ADR18. Furthermore verifications assist in assessing the accuracy of information submitted. Sales which were made by a related company of Changfeng and Yongfeng to the first independent buyer were provided, however when the goods were sold to the first independent customer, they included goods from other producers and suppliers. Changfeng and Yongfeng explained that when a related party sells to an independent buyer, the products are grouped with other products sourced from other producers. Therefore, using construction or third country sales for normal value where applicable was considered reasonable in terms ADR9.1 (b).

4.6.7 Single margin of dumping for Yongfeng and Changfeng

Shandong Cachland Tyres Co., Ltd. ("Cachland") that is related party to Changfeng and Yongfeng responded to the exporter's questionnaire as it sold the subject products to

third countries and SACU. However, it was found that the subject products sold by Cachland were produced by related companies. The Commission made a final determination that although Cachland is related to Changfeng and Yongfeng, it does not receive an individual dumping margin or weighted average dumping margin applicable to the two producers as it is not a producer of the subject products, but it traded goods produced by other foreign producers.

Shandong Mirage Tyres Co., Ltd (“Mirage”) a producer of the subject products that also exported to SACU during the POI, responded to the exporter questionnaire however, in its initial questionnaire response it did not indicate that it is related to Yongfeng, Changfeng, or Cachland and therefore was not selected as part of a sample. Shandong Mirage was found to be related to Yongfeng and Changfeng after evaluating their updated deficient responses after the preliminary determination, and from obtaining more information during verification.

The Commission made a final determination to apply a single dumping margin to Yongfeng and Changfeng, as they are related parties. The Commission further made a final determination that Mirage receive the same dumping margin as Yongfeng and Changfeng, as it was determined that all three companies are related parties in accordance with ADR1. Yongfeng, Mirage and Changfeng are considered as a single entity.

Comments by Cachland to the essential facts letter

As submitted during the course of investigation and verification, Cachland and Yongfeng have entered into a processing service agreement. In this business model, Cachland imports raw material rubber and then supplies to Yongfeng. Yongfeng will add other raw materials and then produce tyres. Yongfeng will charge processing fee to Cachland for other raw materials as well as for its own manufacturing cost of making tyres. This is a general practice for processing trade in the PRC. For each batch of imported rubber under processing trade, Cachland has (i) processing trade booklet, which is prepared by the Customs authority & (ii) processing fee invoice issued by Yongfeng on Cachland at the end of every month. These documents have been submitted to the ITAC during the verification of Yongfeng. Thus, Cachland has

the ownership and acts as the producer of these goods even though it does not have physical production facilities.

Commission's consideration

Cachland and Yongfeng have a processing agreement which was signed on 20 May 2019, and they indicated during verification that this arrangement was temporary, only for a few months during the POI as Cachland does not have production facilities. It was requested that Yongfeng provide invoices and proof of payments that indeed the rubber was sourced by Cachland and this was not provided. Irrespective of the processing agreement, Cachland was not a producer of the subject products during the POI.

Comments by the Applicant to the essential facts letter

Mirage receiving the same dumping margin as Yongfeng and Changfeng is inconsistent with the ADR and WTO rules since it did not participate in the investigation.

Commission's consideration

Mirage participated in the investigation and provided an exporter response. However, there was no indication either from Mirage or Yongfeng and Changfeng that they are related parties, hence Mirage was not chosen to be part of the selected exporters. Interested parties and the Applicant should take note of exporter's non-confidential responses and preliminary Report 700, which lists Mirage as having responded to the questionnaire response. The assertion that Mirage is not a participating interested party and also did not provide any information to the Commission is incorrect. When the sample was made all other exporters that were not part of the sample were said to participating interested parties if they responded to the Commission's questionnaire response, and therefore they did not need to rectify any deficiencies. The fact that Mirage is receiving a similar margin of dumping with Yongfeng and Changfeng does not mean that the sample has been altered or Mirage has been added to the sample. Mirage is merely receiving a similar margin of dumping of its related companies as required by the ADR when dealing with related parties and to avoid circumvention.

The weighted average margin of dumping for Yongfeng and Changfeng that is also applicable to Mirage was determined to be 18.96 percent when expressed as a percentage of the ex-factory export price.

4.7 Shuangwang

4.7.1 Normal Value

Shuangwang produced more than 200 models of PCR and LTR tyres and exported 90 models to SACU during the POI.

Shuangwang did not account for research and development (R&D) expenses in the cost and price build-up. However, the tax adjustment report for 2021 in the financial statements indicated that these costs were incurred. The Commission made a final determination to include R&D costs in the total cost of production.

The Commission made a final determination to use domestic sales of models which are comparable to those exported to SACU. All domestic sales were made on prepayment and ex-works, and therefore there were no adjustments claimed by Shuangwang in its domestic market.

In instances where there are no domestic sales of a specific model, or sales were not made in the ordinary course of trade, the Commission made a determination to use constructed normal value, or sales to an appropriate third country. The constructed normal value was determined based on actual verified costs of production including R&D expenses, plus SG&A costs and a reasonable profit based on the weighted average of all the profitable models.

It was found that there was one model that was sold to SACU, but was not produced during the POI, therefore sales to an appropriate third country was used after doing an ordinary course of trade test using a similar model. Domestic sales of two models did not meet the 5% requirement in ADR8.3, but were used as they were produced mostly for SACU.

Taking the above into consideration the normal value for 62 models was determined using domestic sales, 19 models were based on a constructed normal value and 9 models were based on exports to an appropriate third country.

4.7.2 Adjustments to normal value

AS indicated, all domestic sales were made on prepayments and ex-works and therefore there were no adjustments claimed.

Comments by Shuangwang to the essential facts letter

- (i) R&D costs are part of the administrative expenses and the total administrative expenses reported in the CBU already reflected the R&D costs incurred if any. Shuangwang reported complete administrative expenses and the expense figures are strictly in accordance with its accounting system as verified by ITAC. Since both the completeness and accuracy of the administrative expenses have been confirmed, if ITAC separately accounts for the R&D costs without deducting it from the total administrative expenses, this would result in double-counting and eventually give rise to an incorrect reflection of the company's actual cost and expenses level.
- (ii) Shuangwang Group recalls that, during the verification, the company has already provided explanation that its domestic sales during the period of investigation were made in the ordinary course, and ITAC has neither raised further questions nor required further evidence on this issue after the verification and before the issuance of Essential Facts Letter.

Commission's consideration

- (i) The Commission considered that there were no R&D costs in all the elements of the CBU that were verified, including under SG&A. During verification the company was requested to provide a breakdown of administrative expenses, and these were provided and verified, and no R&D costs were included. The company was asked about research and development expenses and it indicated that this information will be provided, and the information was never provided. All these details are contained in the verification report and no comments to the refuting this or any at all were provided by the foreign producer/exporter.

- (ii) The intention of the verification is to collect information and not to make any determinations, as determinations such ordinary course of trade determinations are made by the Commission after considering all information provided. The ordinary course of trade determinations was made in accordance with ADR8.2 (a) and ADR8.3.

4.7.3 Third country sales

The Commission made a final determination to determine Shuangwang's third country export price based on the price charged when a sale is made to Hongde a related company responsible for exports. Third country sales were made on FOB basis.

4.7.4 Adjustments to third country sales

Shuangwang claimed adjustments for inland freight costs, customs declaration fees, custom inspection fees and port handling. The Commission made a final determination to allow all these adjustments as they were substantiated, verifiable, were directly related to the sale under consideration and were demonstrated to have affected price comparability at the time of setting prices.

Comments by the Applicant to the essential facts letter

The Commission wants to determine export sales to third countries based on sales made by Hongde, which are not in the ordinary course of trade as they are made to a related company, therefore the Commission must construct the export price.

Commission's consideration

Hongde co-operated in the investigation. The Commission was provided with sales to Hongde, and sales from Hongde to independent parties. Therefore both companies complied with the ADR.

4.7.5 SACU export price

The Commission made a final determination to determine Shuangwang's SACU export price of the 147 models exported to SACU during the POI be based on the price charged when a sale is made to Hongde, a related company responsible for exports. All sales transactions were made on FOB basis.

4.7.6 Adjustments to SACU export price

Shuangwang claimed adjustments for inland freight costs, customs declaration fees, customs inspection fees and port handling charges. The Commission made a final determination to allow all these adjustments as they were substantiated, verifiable, were directly related to the sale under consideration and were demonstrated to have affected price comparability at the time of setting prices.

4.7.7 Dumping margin

The weighted average margin of dumping for Shuangwang was determined to be 12.66% when expressed as a percentage of the ex-factory export price.

4.8 Haohua

4.8.1 Normal Value

Haohua produced more than 450 models of TBR, PCR and LTR tyres and exported 277 models to SACU during the POI.

The Commission made a final determination to use domestic sales of those models which are comparable to those exported to SACU. The domestic sales schedule indicated that sales were made on a delivered basis. In instances where there were no domestic sales of a specific model or if sales were not made in the ordinary course of trade, the Commission made a final determination to use a constructed normal value

The constructed normal value was determined based on actual verified costs of production, plus SG&A costs and a reasonable profit based on the weighted average of all the profitable models.

Therefore taking the above into consideration, 253 models had their normal values based on domestic sales information and the remaining 24 models were constructed normal values.

4.8.2 Adjustments to normal value

Haohua claimed adjustments for cost of payment terms, discounts and rebates and delivery charges that were not indicated in the invoices or any document as adjustments to the normal value. The Commission made a final determination not to allow these

adjustments as they were not substantiated, not verifiable, not directly related to the sale under consideration and were not demonstrated to have affected price comparability at the time of setting prices.

Haohua also claimed adjustments for advertisements, exhibition fees and hospitality fees. The Commission made a final determination not to allow these adjustments as they were not directly related to domestic sales under consideration, and they were not demonstrated to have affected price comparability at the time of setting of prices.

Comments by Haohua to the essential facts letter

The Commission should accept the adjustments on domestic sales. Haohua understands that the Commission is refusing the adjustments merely because they are allocated.

Commission's consideration

The following were found during verification with respect to the adjustment claimed:

- Cost of payment terms were not substantiated by any document, the company explained that it normally requires customers to make pre-payments, which they normally do and therefore there was no cost of payment terms incurred for domestic sales;
- Discounts and rebates were not contained in any documents that was related to any sales transaction, further to that the discounts and rebates in the accounting system could not be linked to individual transactions, therefore all domestic transactions were allocated discounts and rebates irrespective whether they were entitled to such discount, therefore it could not be proven as to which customer or transaction was entitled to a discount and rebate;
- Delivery charges were not stated in the invoices or any documents, it was indicated that only sales personnel knew of such terms; and
- Advertisement, hospitality and exhibition fees could not be directly linked to specific customers (i.e., domestic vs export customers), and how it affected setting of prices.

The Commission therefore made a final determination not to allow the adjustments claimed.

4.8.3 SACU Export price

The Commission made a final determination to determine the SACU export price based on the 277 models exported to SACU during the POI. The sales were made on FOB/C&F/ex-works and the delivery terms were indicated in the commercial invoices.

4.8.4 Adjustments to SACU export price

Haohua claimed adjustments for cost of payment terms, inland delivery charges, ocean freight, and handling and brokerage charges. It was also found that bank charges were incurred on sales transactions applicable to SACU, however they were not claimed as adjustment in the exporter questionnaire response. The Commission made a final determination to allow all these adjustments, including bank charges as they were substantiated, verifiable, directly related to the sale under consideration and were demonstrated to have affected price comparability at the time of setting prices.

4.8.5 Dumping margin

The weighted average margin of dumping for Haohua was determined to be 10.48% when expressed as a percentage of the ex-factory export price.

4.9 Habilead

4.9.1 Normal Value

Habilead produced more than 1200 models of TBR, PCR and LTR tyres and exported 163 models to SACU during the POI.

The Commission made a final determination to use domestic sales of those models which are comparable to those exported to SACU. All domestic sales were made on ex-works and on prepayment. In instances where there were no domestic sales of a specific model or if sales were not made in the ordinary course of trade, the Commission made a final determination to use a constructed normal value of that model or a similar model when that model was not produced during the POI.

The constructed normal value was determined based on actual verified costs of production, plus SG&A costs and a reasonable profit based on the weighted average of all the profitable models.

In the cost and price build-up, it was found that Habilead did not use actual profit realised for the sale of each specific model. The company allocated the profit percentage to all models/tyres, resulting in unrealistic profit for all models, and when analysing all sales (domestic, 3rd country and SACU sales), it was found that various models were made at a loss. To establish the reasonable profit for Habilead, the domestic selling price per unit was compared with the cost of production, all goods sold at a loss were disregarded and those sold at a profit were used to determine the weighted average profit percentage. The Commission made a final determination to use the profit percentage realised from domestic sales as the reasonable profit for constructing a normal value.

Therefore taking the above into consideration, 19 models had their normal values based on domestic sales information and the remaining 144 models were constructed normal values.

4.9.2 Adjustments to normal value

All domestic sales were made on prepayments and ex-works and there were no adjustments.

Comments by Habilead to the essential facts letter

Port charges were included in the constructed normal value.

Commission's consideration

The port charges were deducted from the selling expenses and therefore they are not included in the calculation of the constructed normal value.

All sales in the domestic market were ex-works and on prepayment, therefore there were no adjustments claimed to the domestic selling price.

4.9.3 SACU export price

The Commission made a final determination to determine the SACU export price based on the 163 models exported to SACU during the POI. The sales were made on FOB and the delivery terms were indicated in the commercial invoices.

4.9.4 Adjustments to SACU export price

Habilead claimed adjustments for cost of payment terms, inland freight costs, port charges, and custom declaration fees. The Commission made a final determination to allow all these adjustments as they were substantiated, verifiable, directly related to the sale under consideration and were demonstrated to have affected price comparability at the time of setting prices.

4.9.5 Dumping margin

The weighted average margin of dumping for Habilead was determined to be 8.22% when expressed as a percentage of the ex-factory export price.

4.10 SAILUN GROUP OF COMPANIES

Sailun group of companies comprises of three producers which are Sailun (Dongying) Tire Co., Ltd. (“Dongyin”), Sailun Group Co., Ltd. (“Sailun Group”) and Sailun Shenyang Tire Co., Ltd. (“Shenyang”). The three producers/exporters made sales in the domestic market through two related companies (Sailun Tire Sales Co., Ltd. (“Tire Sales”) and Sailun Group or directly to independent/unrelated customers. Sales to exports markets were made via Sailun (Hong Kong) Co., Limited (“Sailun HK”) which is also a related company.

For all three producers (Dongyin, Shenyang and Sailun Group), the Commission made a determination to use the normal value for direct sales to independent customers and where sales are made through Tire Sales and Sailun Group for Dongyin and Shenyang, the normal value be based on sales from Tire sales and Sailun Group to the first independent customers.

The Commission noted and took into account the following in the domestic sales transactions of all three companies, when determining normal values:

- Some of the sales transactions in the domestic market did not have a sales contract which stipulate the terms of sales such as delivery terms, discounts, and rebate;
- The companies sold to customers of different levels of trade and no level of trade adjustment was claimed. It was explained that there that the level of trade does

not affect the prices charged, if it did it was miniscule. The Commission found that some of the sampled contracts had the level of trade affected pricing, especially for OEM's which had preferential pricing;

- Adjustments are made for some customers without any proper contracts, being in place or provided, it is merely done based on practice; and
- Sailun Tire Sales offered other allowances to independent final customers/distributors that are said to be miscellaneous allowances in the form of rebates that are said to be granted when certain customers have performed certain services on behalf of the company. An example of the service was when the customers conduct tyre tests before a sale is made or when a new tyre is being introduced.

4.10.1 Normal value - Sailun Dongying

Sailun Dongying produced more than 1000 models of PCR & LTR tyres and exported 195 models to SACU during the POI.

The Commission made a final determination to use domestic sales of models which are comparable to those exported to SACU. Domestic sales were indicated on the domestic sales schedule to be made on a delivered basis. In instances where there were no domestic sales of a specific model or if sales were not made in the ordinary course of trade, the Commission made a final determination to use a constructed normal value

The constructed normal value was determined based on actual verified costs of production, plus SG&A costs and a reasonable profit based on the weighted average of all the profitable models. The Commission made a final determination to not consider inventory movements in its constructed normal value.

Therefore taking the above into consideration, 157 models had their normal values based on domestic sales information and the remaining 38 models were constructed normal values.

4.10.2 Normal value - Sailun Group

Sailun Group produced more than 750 models of PCR, LTR & TBR tyres and exported 234 models to SACU during the POI.

The Commission made a final determination to use domestic sales of models which are comparable to those exported to SACU. The domestic sales schedule indicated that sales were made on a delivered basis. In instances where there were no domestic sales of a specific model or if sales were not made in the ordinary course of trade, the Commission made a final determination to use a constructed normal value

The constructed normal value was determined based on actual verified costs of production, plus SG&A costs and a reasonable profit based on the weighted average of all the profitable models. It should be noted that one model had an unreasonable profit margin in the CBU of more than 200%, and was not considered as part of the profitable models. The Commission made a final determination to not consider inventory movements in its constructed normal value.

Therefore taking the above into consideration, 65 models had their normal values based on domestic sales information and the remaining 169 models were constructed normal values.

4.10.3 Normal value - Sailun Shenyang

Shenyang produced fewer than 50 models of TBR & LTR tyres and exported 3 models to SACU during the POI.

The Commission made a final determination to use domestic sales of models which are comparable to those exported to SACU. The domestic sales schedule indicated that sales were made on a delivered basis. In instances where there were no domestic sales of a specific model or if sales were not made in the ordinary course of trade, the Commission made a final determination to use exports to an appropriate third country.

Therefore taking the above into consideration, 1 model had their normal values based on domestic sales information and the remaining 2 models had their normal value based on exports to appropriate third countries.

Comments by Sailun group of companies to the essential facts letter

Inconsistent method of determining normal value although both the ADA and the Main Act (ITA Act) do not specify the priority or hierarchy accorded on whether to use sales to third countries or to use constructed normal value and leave discretion to the Authority, the discretion is not without limit. First, the WTO rules require that any calculating method should be predictable and uniform. As enshrined in the Marrakesh Declaration of 15, April 1994, one of the achievements of the WTO is the “the increased predictability and security represented by a major expansion in the scope of tariff commitments”. Article X:3(a) of GATT 1994 required that the laws, regulations, decisions and rulings shall be administered in a “uniform, impartial and reasonable manner”. Thus, in exercising its discretion on selecting the method for determining normal value, the Commission should ensure consistency, i.e., avoid inconsistent practice in the same or similar situation. In this case, there is inconsistency between the method for Sailun Dongying, Sailun Group and Sailun Shenyang, which fails to meet the requirement on predictability and uniformity.

Commission’s consideration

The Commission’s use of third country and a constructed normal value in the event where there are no domestic sales or when sales are not done in the ordinary course of trade are consistent and in line with WTO laws. The exporters produce a large number of models, therefore it cannot be expected that one method (constructed or 3rd country) should be used when determining normal value for these models as each and every model is analysed on its own and a determination on which method is to be applied is based on the information of that model. There is no law that stipulates that when doing normal value determination of related companies, the calculation methods should be uniform. The Marrakesh Declaration cited by the exporter does not relate to anti-dumping or trade remedies investigations and therefore its reference in this context is unclear. The information of each respective producer was analysed independently. These companies are treated as a single entity for the anti-dumping margin and duty not for the analysis of normal value and export price.

4.10.4 Adjustments to normal value applicable to the three producers

The following adjustments were claimed to the normal values of Sailun Group, Dongying and Shenyang:

The three respective producers claimed adjustments for quality rebates, quantity rebates, other allowances, domestic delivery charges and cost of payment terms. It was found that these producers offered a favourable price on sales made to OEM customers which required a level of trade adjustment and was not claimed. The Commission made a determination to allow this adjustment as well as delivery charges, cost of payment terms, as they were substantiated, verifiable, were directly related to the sale under consideration and were demonstrated to have affected price comparability at the time of setting prices. The three exporters submitted updated information regarding these adjustments, however the Commission made a determination to use the adjustments as provided in the exporter response after preliminary determination, not the updated figures.

The Commission made a final determination not to allow adjustments in the domestic market for quality rebates, quantity rebates and allowances due to the following:

- Discounts and rebates are allocated to all transactions notwithstanding the fact that the discount and or rebate may not be applicable to that sale;
- The quality claims adjustments were not properly substantiated as they indicated that a claim is made for defects on the quality of tyres supplied by either of the Sailun companies, however such claims were not provided. The adjustment was also made to transactions that were not affected by the quality claim. Foreign customers including SACU that had defective tyres are offered credit notes which reduce the next payment, and these are not recorded in the export sales schedules; and
- In some instances adjustments for discounts, quality claims and other allowances are allowed for some customers without any proper contracts, being in place or provided, it is merely done based on practice;

Therefore these adjustments are not properly substantiated, not directly related to the sale under consideration and it was not demonstrated to have affected price comparability at the time of setting of prices.

Comments by Sailun companies to the essential facts letter

The Commission erred in not allowing Sailun's adjustments for Quality rebates, Quantity rebates and Other allowances because of the following reasons:

- Firstly, Sailun has established that the adjustments are for differences between domestic and export sales. As explained in the questionnaire response and further clarified during the verification, these rebates and allowances would be applicable only in domestic sales, which will be realized in the form of deducting invoice value. Such rebates and allowances do not affect export sales;
- Secondly, extensive documents demonstrating the nature, procedure, basis and accounting treatments of these adjustments were provided during verification and in the questionnaire response and it was demonstrated that they are indicated in the invoices;
- Thirdly, in Sections 7.1.1 to 7.1.3 of the verification reports the Commission introduced its observations on these rebates and allowances. For example, in Section 7.1.2 of the verification report, the Commission noted that for quantity rebates, the actual accounting treatment on allocating the rebates "artificially distorts the normal value". Importantly, the total amount of the quality rebates, quantity rebates and other allowances was verified by the investigation team. All of the adjustments were reconciled to Sailun's SAP system. The figures can therefore correctly and reliably be used as basis for reallocation to the sales;
- Fourthly, the Commission should not reject the claim of adjustments merely because of the disagreement on the reallocation method. According to the Essential Facts Letter, the Commission is not satisfied about the method of reallocation, rather than the fact that these differences do have affected price comparability. In other words, the Commission has never challenged or questioned whether these differences have affected price comparability. As explained before, the original allocation method will distort the sales value. That's why Sailun proposed to reallocate the amount properly. In this regard, if the Commission disagrees with the method adopted by Sailun, it can request Sailun to change the reallocation method, rather than completely reject the adjustment claim by Sailun in a WTO-inconsistent way; and
- Finally, based on the evidence on record, Sailun is able to optimize the reallocation method. After day 3 of the verification, Sailun submitted the Sales Ledger of Sailun Sales extracted from the SAP system which has been verified

by the investigation team. Therefore, Sailun is able to optimize its reallocation method, to allocate the quality rebates, quantity rebates and other allowances only to those customers applicable to such rebates and allowances.

Commission's consideration

The Commission considered that the reasons for not allowing these adjustments still stand. It further considered the following:

- (i) During verification it was explained that quality rebates were not claimed on to exports sales due to customs administrative issues which may arise when customers return the tyres to these companies in order for the company to check the nature of the defect. Therefore, customers in export markets which experience quality issues with the tyre are offered credit notes which reduce the price to be paid in the next sale. These reduced prices were not applied to the export prices as was found during verification on sales to export markets and SACU. The invoiced amount in the sales schedule and the amount paid differed, as the invoice was not paid in full and it was indicated the reasons for such is that there was a quality issue and therefore the importer paid a portion of the invoice price. Furthermore various domestic sales transactions consisting of various models sold had this discount applied to it even when such adjustments were not applicable to those transactions. The exporter was informed to allocate these discounts appropriately, however it was not done as per the request, and the document indicated was never provided during verification and after verification .
- (ii) Investigators do not make decisions they collect information which is presented to the Commission for its decision. The paragraph referred to is quoted out of context as it is the companies that provided an explanation that they opted to allocate quantity rebates as they artificially distort the price.

4.10.5 Third country sales - Sailun Shenyang

The Commission made a final determination to determine Sailun Shengyan's third country export price based on sales made to third countries.

4.10.6 Adjustments to third country sales applicable to Sailun Shenyang

Shenyang claimed adjustments for domestic delivery charges, cost of payment terms, port handling charges, and brokerage fees. It was found that Shenyang sells to export markets through a related company and as a result, there are SG&A expenses incurred. The Commission made a final determination to allow all these adjustments, including SG&A expenses as they were substantiated, verifiable, they were directly related to the sale under consideration and were demonstrated to have affected price comparability at the time of setting prices.

4.10.7 SACU Export price

4.7.10.7.1 SACU Export price –Sailun Dongyin

The Commission made a final determination to determine the SACU export price based on the 195 models exported to SACU during the POI. The sales were made on FOB and the delivery terms were indicated in the commercial invoices.

4.7.10.7.2 SACU Export price – Sailun Group

The Commission made a final determination to determine the SACU export price based on the 234 models exported to SACU during the POI. The sales were made on FOB and the delivery terms were indicated in the commercial invoices.

4.7.10.7.3 SACU Export price – Sailun Shenyang

The Commission made a final determination to determine the SACU export price based on the 3 models exported to SACU during the POI. The sales were made on FOB and the delivery terms were indicated in the commercial invoices.

4.10.8 Adjustments to SACU export price

The three respective producers claimed adjustments for cost of payment terms, inland freight costs, port handling charges and brokerage fees. It was found that these companies sell to export markets through a related company and as a result there are SG&A expenses incurred by the related company. The Commission made a final determination to allow all these adjustments, including SG&A expenses as they were substantiated, verifiable, they were directly related to the sale under consideration and were demonstrated to have affected price comparability at the time of setting prices. The three exporters submitted updated information regarding these adjustments, however the

Commission made a determination to use the adjustments as provided in the exporter response after preliminary determination, not the updated figures (transport, port handling charges and brokerage fees).

4.10.9 Dumping margin

The weighted average dumping margin when expressed as a percentage of the ex-factory export price for each respective company is as follows:

- Sailun Dongying - 45.60%;
- Sailun Group - 41.63%; and
- Sailun Shenyang - 39.32%.

Comments by Sailun Shenyang

Sailun Shenyang's calculation of dumping for one model is incorrect when using the information provided in the essential facts letters, this also results in an overall incorrect dumping margin for the company.

Commission's consideration

The error in the calculation for the particular model was rectified, resulting in a correct dumping margin for the company.

4.11 Single margin of dumping for Sailun Dongying, Sailun Group and Sailun Shenyang.

The Commission made a final determination to apply a single dumping margin to Sailun Dongying, Sailun Group and Sailun Shenyang as they are related parties in accordance with ADR1. They are further considered as a single entity in terms of Article 6.10 of the Anti-Dumping Agreement and rulings made by the panel in this regard.

The weighted average margin of dumping for Sailun Dongying, Sailun Group and Sailun Shenyang was determined to be 44.02% when expressed as a percentage of the ex-factory export price.

4.12 Participating foreign producers/exporters that were not part of the sample

The Commission made a final determination that the weighted average dumping margin as a percentage of the ex-factory export price of those participating producers/exporters

not selected to be part of the sample be 15.03%. The weighted average dumping margin is applicable to following producers/exporters:

- Weifang Shunfuchang Rubber and Plastic Products Co., Ltd.;
- Weifang Yuelong Rubber Co., Ltd.;
- Prinx Chengshan (Shandong) Tire Company Ltd.;
- Double Coin Group (Jiangsu) Tyre Co., Ltd.;
- Double Coin Tyre Group (Shanghai) Imp & Exp Co., Ltd.;
- Shanghai Double Coin Tyre Sales Co., Ltd.;
- Wanli Tire Corporation Limited.;
- Wanli Group Trade Limited.;
- Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.;
- Anhui Jichi Tire Co., Ltd.;
- Shandong Yongsheng Rubber Group Co., Ltd.;
- Shandong Yousheng Tyre Co., Ltd.;
- Zhongyi Rubber Co., Ltd.;
- Aeolus Tyre Co., Ltd.;
- Aeolus Tyre (Taiyuan) Co., Ltd.;
- Qingdao Fullrun Tyre Corp., Ltd.;
- Zhaoqing Junhong Co., Ltd.;
- Nanjing Kumho Tire Co., Ltd.;
- Qingdao Nexen Tire Corporation;
- Shandong Wanda Boto Tyre Co., Ltd.;
- Triangle Tyre Co., Ltd.;
- Qingdao Sentury Tire Co. Ltd.;
- Kumho Tire(Tianjin) Co., Inc.;
- Zhongce Rubber Group Co., Ltd.;
- Qingzhou Detail International Trading Co., Ltd.;
- Shandong Gallop Rubber Co., Ltd.;
- Wuchan Zhongda Chemical Group Co., Ltd.;
- Navigator Rubber Co., Ltd.;
- Guangrao Taihua International Trade Co., Ltd.;
- Weifang Goldshield Tire Co., Ltd.;
- Weifang Huadong Rubber Co., Ltd.;

- Shandong New Continent Tire Co., Ltd.;
- Shandong Fengyuan Tire Manufacturing Co., Ltd.;
- Qingdao Doublestar Tire Industrial Co., Ltd.;
- Shandong Hongsheng Rubber Technology Co., Ltd.;
- Shandong Huasheng Rubber Co., Ltd.;
- Chongqing Hankook Tire Co., Ltd.;
- Hankook Tire China Co., Ltd.;
- Jiangsu Hankook Tire Co., Ltd.;
- Zhaoqing Junhong Co., Ltd.;
- Shandong Jinyu Tire Co., Ltd.;
- Zodo Tire Co., Ltd.;
- Giti Radial Tire (Anhui) Co., Ltd.;
- Giti Tire (Hualin) Company Ltd.;
- Giti Tire (Fujian) Co., Ltd.; and
- Kumho Tire (Changchun) Co., Inc.

4.13 Residual margin of dumping for those producers/exporters that did not respond to this investigation

The Commission made a final determination to determine the residual dumping margin based on the dumping information of Sailun Group, which is 41.63% when expressed as a percentage of the ex-factory export price. The Commission considered that this company exported a variety of models that cover all tariff subheadings that are the subject to this investigation.

Comments from interested parties to the preliminary report

- (i) Three exporters selected for verification do not make up a representative sample;
- (ii) Despite previous requests, information was not provided with respect of each exporter selected to form part of a sample;
 - an indication whether the FOB prices of its exports under each tariff subheading was in the high, medium, or low range;
 - which models did each entity export during the POI for dumping; and
 - the quantity of each model of the subject product and quantity of products under each tariff subheading exported to SACU during POI for dumping.

Commission's considerations

- (i) There were ten foreign producers/exporters which were selected to be part of the sample and their information was verified and considered for the final determination; and
- (ii) The information required by the interested parties is confidential by nature. However, to ensure that sampling was transparent as possible, the Commission requested the selected exporters to allow it to reveal their export volumes, the tariff subheadings of the goods they export and the approximate production capacity of each producer/exporter. This information was communicated to all the interested parties during the consultation process for sampling.

Based on the information supplied, the Commission made a final determination that new pneumatic tyres of rubber of a kind used on motor cars (classifiable under tariff subheadings HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, and HS 4011.10.09) and on buses or lorries (classifiable under tariff subheadings HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26) originating in or imported from the People's Republic of China (excluding those produced and exported by Shandong Xinghongyuan Tyre Co., Ltd.) were being dumped into the SACU market.

5. MATERIAL INJURY

5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The material information on the subject products was provided by SATMC members. The members of the SATMC are Bridgestone South Africa (Pty) Ltd., Continental Tyre South Africa (Pty) Ltd., Goodyear South Africa (Pty) Ltd., and Sumitomo Rubber South Africa (Pty) Ltd., and together constitute 100% of the domestic production of the subject products in SACU

Based on this information, the Commission made a final determination that this constitutes “a major proportion” of the total domestic production, in accordance with Section 7 of the ADR.

5.2 MATERIAL INJURY ANALYSIS

The injury information presented below relates to the evaluation of data for the period 01 August 2018 to 31 July 2021.

Note that the material injury information was provided per tariff subheading. However, the analysis focused on total tyres used on motor cars and buses or lorries.

5.3 IMPORT VOLUMES AND EFFECT ON PRICES

5.3.1 Import Volumes

The following tables show the volume of the dumped imports of the subject products as sourced from SARS for the period 01 August 2018 to 31 July 2021. Imports from Xinghongyuan are excluded from the dumped imports and included in other imports. The analysis of the impact of the Applicant’s own imports on material injury is contained under causal link.

Table 5.3.1(a): Import volumes HS 4011.10.01 – Motor cars

Units	2018/19	2019/20	2020/21
Dumped imports	335 087	373 680	466 701
Other imports	45 174	55 999	106 802
Total imports	380 261	429 679	573 503
Dumped imports as a % of total imports	88.12%	86.97%	81.38%
Other imports as a % of total imports	11.88%	13.03%	18.62%
Total imports	100.00%	100.00%	100.00%

Table 5.3.1(b): Import volumes HS 4011.10.03 – Motor cars

Units	2018/19	2019/20	2020/21
Dumped imports	658 363	659 751	839 872
Other imports	128 628	142 277	292 287
Total imports	786 991	802 028	1 132 159
Dumped imports as a % of total imports	83.66%	82.26%	74.18%
Other imports as a % of total imports	16.34%	17.74%	25.82%
Total imports	100.00%	100.00%	100.00%

Table 5.3.1(c): Import volumes HS 4011.10.05 – Motor cars

Units	2018/19	2019/20	2020/21
Dumped imports	566 770	573 880	711 329
Other imports	331 518	306 320	451 731
Total imports	898 288	880 200	1 253 060
Dumped imports as a % of total imports	63.09%	65.20%	56.77%
Other imports as a % of total imports	36.91%	34.80%	43.23%
Total imports	100.00%	100.00%	100.00%

Table 5.3.1(d): Import volumes HS 4011.10.07 – Motor cars

Units	2018/19	2019/20	2020/21
Dumped imports	378 093	316 963	387 853
Other imports	391 512	372 505	454 435
Total imports	769 605	689 468	842 288
Dumped imports as a % of total imports	49.13%	45.97%	46.05%
Other imports as a % of total imports	50.87%	54.03%	53.95%
Total imports	100.00%	100.00%	100.00%

Table 5.3.1(e): Import volumes HS 4011.10.09 – Motor cars

Units	2018/19	2019/20	2020/21
Dumped imports	662 074	570 655	824 306
Other imports	1 456 865	1 260 324	1 448 110
Total imports	2 118 939	1 830 979	2 272 416
Dumped imports as a % of total imports	31.25%	31.17%	36.27%
Other imports as a % of total imports	68.75%	68.83%	63.73%
Total imports	100.00%	100.00%	100.00%

Table 5.3.1(f): Import volumes HS 4011.20.16 – Buses or Lorries

Units	2018/19	2019/20	2020/21
Dumped imports	322 737	250 395	286 361
Other imports	116 400	106 764	126 085
Total imports	439 137	357 159	412 446
Dumped imports as a % of total imports	73.49%	70.11%	69.43%
Other imports as a % of total imports	26.51%	29.89%	30.57%
Total imports	100.00%	100.00%	100.00%

Table 5.3.1(g): Import volumes HS 4011.20.18 – Buses or Lorries

Units	2018/19	2019/20	2020/21
Dumped imports	409 814	379 423	417 761
Other imports	367 136	364 081	481 046
Total imports	776 950	743 504	898 807
Dumped imports as a % of total imports	52.75%	51.03%	46.48%
Other imports as a % of total imports	47.25%	48.97%	53.52%
Total imports	100.00%	100.00%	100.00%

Table 5.3.1(h): Import volumes HS 4011.20.26 – Buses or Lorries

Units	2018/19	2019/20	2020/21
Dumped imports	529 070	410 533	649 587
Other imports	367 752	272 298	221 716
Total imports	896 822	682 831	871 303
Dumped imports as a % of total imports	58.99%	60.12%	74.55%
Other imports as a % of total imports	41.01%	39.88%	25.54%
Total imports	100.00%	100.00%	100.00%

Table 5.3.1(i): Total Import volumes - Motor cars

Units	2018/19	2019/20	2020/21
Dumped imports	2 600 387	2 494 829	3 230 061
Other imports	2 353 697	2 137 425	2 843 365
Total imports	4 954 084	4 632 254	6 073 426
Dumped imports as a % of total imports	52.49%	53.86%	53.18%
Other imports as a % of total imports	47.51%	46.14%	46.82%
Total imports	100.00%	100.00%	100.00%

Table 5.3.1(j): Total Import volumes - Buses or Lorries

Units	2018/19	2019/20	2020/21
Dumped imports	1 261 621	1 040 351	1 353 709
Other imports	851 288	743 143	828 843
Total imports	2 112 909	1 783 494	2 182 556
Dumped imports as a % of total imports	59.71%	58.33%	62.02%
Other imports as a % of total imports	40.29%	41.67%	37.98%
Total imports	100.00%	100.00%	100.00%

Table 5.3.1(k): Total import volumes - Combined Subject Products

Tyre	2018/19	2019/20	2020/21
Dumped imports	3 862 008	3 535 180	4 583 770
Other imports	3 204 985	2 880 568	3 672 212
Total imports	7 066 993	6 415 748	8 255 982
Dumped imports as a % of total imports	54.65%	55.10%	55.52%
Other imports as a % of total imports	45.35%	44.90%	44.48%
Total imports	100.00%	100.00%	100.00%

Table 5.3.1(i) above shows that the dumped imports of tyres for motor cars decreased by 4.06% from 2018/19 to 2019/20, increased by 29.47% from 2019/20 to 2020/21 and

increased by 24.21% during the POI (after excluding imports from Xinghongyuan). Imports from other countries decreased by 9.19% from 2018/19 to 2019/20, increased by 33.03% from 2019/20 to 2020/21 and increased by 20.20% during the POI. It is evident that the dumped imports of tyres used on motor cars increased and surpassed other imports and they account for sizeable percentage of total imports into the SACU market which has been sustained in the POI.

Table 5.3.1(j) above shows that the dumped imports of tyres for buses or lorries decreased by 17.54% from 2018/19 to 2019/20, increased by 30.12% from 2019/20 to 2020/21 and increased by 7.30% during the POI (after excluding imports from Xinghongyuan). Imports from other countries decreased by 12.70% from 2018/19 to 2019/20, further decreased by 11.53% from 2019/20 to 2020/21 and decreased by 2.64% during the POI. It is evident that the dumped imports of tyres used on buses or lorries increased and surpassed other imports and they account for sizeable percentage of total imports into the SACU market, which has been sustained in the POI.

Table 5.3.1(k) above shows that combined, the dumped imports decreased by 8.46% from 2018/19 to 2019/20, increased by 29.66% from 2019/20 to 2020/21 and increased by 18.69% during the POI (after excluding imports from Xinghongyuan). Imports from other countries decreased by 10.12% from 2018/19 to 2019/20, increased by 27.48% from 2019/20 to 2020/21 and increased by 14.58% during the POI. Overall, the dumped imports increased and surpassed the other imports and they therefore account for a sizeable percentage of total imports into the SACU market, which has been sustained in the POI.

Commission's considerations

It is noted that there was a slight decline in imports from the PRC in 2019/2020 which may be attributable to COVID-19. However, in 2020/2021, there was an increase in these imports which surpassed the initial 2018/2019 period, reflecting that the dumped imports from the PRC are displacing other imports and SACU produced tyres from the SACU market, albeit the slight decline in 2019/2020.

The Applicant imported the subject products from the PRC and other countries and the Applicant's own imports are included in the above tables relating to import volumes. Further consideration regarding own imports is contained in the causality section.

5.3.2 Applicant's own Imports

The following tables depict the Applicant's own import volumes:

Table 5.3.2: Applicant's own Imports

Units	2018/19	2019/20	2020/21
Own imports of Motor Cars			
HS 4011.10.01			
China	100	100	0
Other countries	100	258	705
Total	100	241	629
HS 4011.10.03			
China	100	100	19
Other countries	100	192	341
Total	100	186	319
HS 4011.10.05			
China	100	100	3
Other countries	100	121	178
Total	100	120	175
HS 4011.10.07			
China	100	100	44
Other countries	100	88	132
Total	100	88	130
HS 4011.10.09			
China	100	100	144
Other countries	100	90	156
Total	100	91	156
Total own imports for Motor Cars			
China	100	100	38
Other countries	100	102	168
Total	100	102	167
Own imports for Buses or Lorries			
HS 4011.20.16			
China	100	100	100
Other countries	100	90	270
Total	100	91	262
HS 4011.20.18			
China	100	83	114
Other countries	100	97	162

Total	100	92	147
HS 4011.20.26			
China	100	17	27
Other countries	100	88	63
Total	100	66	52
Total own imports for Buses or Lorries			
China	100	38	54
Other countries	100	91	110
Total	100	75	94
Combined subject products (Motors cars, buses or lorries)			
China	100	43	52
Other countries	100	99	153
Total	100	93	143

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.3.2 above indicates the following:

- The Commission considered that the Applicant's own imports for tyres used on motor cars from the PRC decreased by 62 index points over the POI and those from other countries increased by 68 index points over the same period resulting in an increase in total own imports. The Applicant is not a major importer of these products and own imports accounted for an insignificant percentage relative to total imports from the PRC in each specific year. The dumped imports still account for a significant share of total imports even when the Applicant's own imports from China are excluded.
- The Commission considered that the Applicant's own imports for tyres used on buses and lorries from the PRC decreased by 46 index points over the POI, and those from other countries increased by 10 index points over the same period, resulting in an increase in total own imports. The Applicant is not a major importer of these products and own imports accounted for an insignificant percentage relative to total imports from the PRC in each specific year. The dumped imports still account for a significant share of total imports even when the Applicant's own imports from China are excluded.
- The Commission considered that, overall on the combined subject products, the Applicant's own imports from the PRC are very low (less than 1%) and the Applicant is not a major importer, and therefore the allegation by interested parties that the Applicant is a major importer has no basis.

5.3.3 Growth of subject imports relative to domestic production and consumption

The following table shows the effects of the dumped imports on production and consumption.

Table 5.3.3: Growth of the subject imports

Tariff-subheading	2018/19	2019/20	2020/21
*Subject imports / domestic production (%)			
HS 4011.10.01	100	173	266
HS 4011.10.03	100	140	185
HS 4011.10.05	100	121	154
HS 4011.10.07	100	141	123
HS 4011.10.09	100	169	111
HS 4011.20.16	100	70	68
HS 4011.20.18	100	140	111
HS 4011.20.26	100	71	81
Total Motor cars	100	142	147
Total Buses or Lorries	100	98	95
Combined subject products	100	132	136
*Subject imports /domestic consumption (%)			
HS 4011.10.01	100	179	272
HS 4011.10.03	100	143	180
HS 4011.10.05	100	135	165
HS 4011.10.07	100	105	119
HS 4011.10.09	100	129	131
HS 4011.20.16	100	102	106
HS 4011.20.18	100	108	97
HS 4011.20.26	100	56	67
Total Motor cars	100	134	156
Total Buses or Lorries	100	88	94
Combined subject products	100	124	142

The figures were indexed due to confidentiality using 2018/19 as a base year. *Growth of the subject imports (Excluding import volume Xinghongyuan Tyre Co., Ltd with a dumping margin which is de minimis).

Information in table 5.3.3 above indicates that total imports of motor cars relative to production and consumption increased over the POI whilst those for buses or lorries slightly decreased over the same period. The Commission considered that although

there is a decrease in dumped imports for buses or lorries in relative terms, these imports still account for a significant share of total imports to SACU. Overall, total imports of the subject products relative to production and consumption increased over the POI.

5.4.2 Effect on Domestic Prices

5.4.2.1 Price undercutting

Price undercutting is the extent to which the price of the imported product is lower than the price of the like product produced by the SACU industry. The price undercutting for the period of investigation for dumping was calculated based on the Applicant's ex-factory price and the landed cost sourced from the importers which were found not to be deficient. The following table shows price undercutting on the subject products.

Table 5.4.2.1: Price Undercutting for 2020/21 (Rand/tyre)

Tariff-subheading	Price undercutting	Price undercutting %
Tyres for motor cars		
HS 4011.10.01	No	No
HS 4011.10.03	No	No
HS 4011.10.05	No	No
HS 4011.10.07	Yes	Yes
HS 4011.10.09	Yes	Yes
Tyres for buses or lorries		
HS 4011.20.16	No	No
HS 4011.20.18	No	No
HS 4011.20.26	Yes	Yes

Information in Table 5.4.2.1 above indicates that there is price undercutting in tariff subheadings 4011.10.07, 4011.10.09 and 4011.20.26.

5.4.2.2 Price depression

Price depression takes place where the SACU industry's ex-factory selling prices decreases during the investigation period. The ex-factory prices applicable to the subject products are as follows:

Table 5.4.2.2: Price depression (R/Tyre)

Subject product groupings	Tariff subheading	2018/19	2019/20	2020/21
Tyres for motor cars	HS 4011.10.01	100	110	126
	HS 4011.10.03	100	108	120
	HS 4011.10.05	100	106	117
	HS 4011.10.07	100	102	112
	HS 4011.10.09	100	104	114
Tyres for buses or lorries	HS 4011.20.16	100	109	119
	HS 4011.20.18	100	107	113
	HS 4011.20.26	100	104	112
Total Tyres for motor cars		100	105	121
Total Tyres for buses or lorries		100	127	142
Combined subject products (Tyres for motor cars & for buses or lorries)		100	113	131

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in Table 5.4.2.2 above indicates that the Applicant did not experience price depression on all subject products over the POI.

5.4.2.3 Price suppression

Price suppression is the extent to which increases in the cost of production of the product concerned, cannot be recovered in selling prices.

Table 5.4.2.3: Price suppression

Tariff-subheading	Subject product	2018/19	2019/20	2020/21
Selling prices (R/tyre)				
HS 4011.10.01	Rim size not exceeding 33 cm (13 inches)	100	110	126
HS 4011.10.03	Rim size of 35 cm (14 inches)	100	108	120
HS 4011.10.05	Rim size of 38 cm (15 inches)	100	106	117
HS 4011.10.07	Rim size of 41 cm (16 inches)	100	102	112
HS 4011.10.09	Rim size of 43 cm (17 inches) or more	100	104	114
HS 4011.20.16	Rim size not exceeding 35 cm (14 inches)	100	109	119
HS 4011.20.18	Rim size of 38 cm (15 inches) or more	100	107	113
HS 4011.20.26	Rim size exceeding 51 cm (20 inches)	100	104	112
Cost of production (R/tyre)				
HS 4011.10.01	Rim size not exceeding 33 cm (13 inches)	100	104	108
HS 4011.10.03	Rim size of 35 cm (14 inches)	100	115	112
HS 4011.10.05	Rim size of 38 cm (15 inches)	100	112	115
HS 4011.10.07	Rim size of 41 cm (16 inches)	100	97	110
HS 4011.10.09	Rim size of 43 cm (17 inches) or more	100	106	120
HS 4011.20.16	Rim size not exceeding 35 cm (14 inches)	100	111	110
HS 4011.20.18	Rim size of 38 cm (15 inches) or more	100	108	107
HS 4011.20.26	Rim size exceeding 51 cm (20 inches)	100	105	102
Production cost as % of ex-factory selling price (price suppression)				
HS 4011.10.01	Rim size not exceeding 33 cm (13 inches)	100	94	86
HS 4011.10.03	Rim size of 35 cm (14 inches)	100	107	94
HS 4011.10.05	Rim size of 38 cm (15 inches)	100	106	98
HS 4011.10.07	Rim size of 41 cm (16 inches)	100	96	98
HS 4011.10.09	Rim size of 43 cm (17 inches) or more	100	102	106
HS 4011.20.16	Rim size not exceeding 35 cm (14 inches)	100	102	92
HS 4011.20.18	Rim size of 38 cm (15 inches) or more	100	101	95
HS 4011.20.26	Rim size exceeding 51 cm (20 inches)	100	101	91

The figures were indexed due to confidentiality using 2018/19 as a base year.

The ADR states that price suppression takes place where the cost-to-price-ratio of the SACU industry increases, or where the SACU industry sells at a loss during the POI, or part thereof. Based on the definition of price suppression in the ADR, the SACU industry is in a loss making situation therefore there is price suppression.

5.4.3 CONSEQUENT IMPACT OF THE DUMPED IMPORTS ON THE SACU INDUSTRY

5.4.3.1 Actual and potential decline in sales volumes

The following table shows the Applicant's SACU sales volumes of the subject products:

Table 5.4.3.1: Sales volumes (tyres)

Subject product groupings	Tariff subheading	2018/19	2019/20	2020/21
Tyres for motor cars	HS 4011.10.01	100	62	51
	HS 4011.10.03	100	70	71
	HS 4011.10.05	100	75	76
	HS 4011.10.07	100	80	86
	HS 4011.10.09	100	67	95
Tyres for buses or lorries	HS 4011.20.16	100	76	84
	HS 4011.20.18	100	86	105
	HS 4011.20.26	100	137	183
Total Tyres for motor cars		100	72	80
Total Tyres for buses or lorries		100	93	115
Combined subject products (Tyres for motor cars & for buses or lorries)		100	74	83

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 5.4.3.1 above indicates that sales volumes for tyres for motor cars decreased by 28 index points from 2018/19 to 2019/20, increased by 8 index points from 2019/20 to 2020/21 and decreased by 20 index points during the POI.

Information in Table 5.4.3.1 above further indicates that sales volumes for tyres for buses or lorries decreased by 7 index points from 2018/19 to 2019/20, increased by 22 index points from 2019/20 to 2020/21 and increased by 15 index points during the POI.

Overall, information in table 5.4.3.1 above indicates that total sales volumes of the subject products decreased by 26 index points from 2018/19 to 2019/20, increased by 9 index points from 2019/20 to 2020/21 and decreased by 17 index points during the POI.

The Applicant stated that sales volumes of the subject products indicate year-on-year decreasing trends over the POI which is indicative of injury.

5.4.3.2 Actual and potential decline in sales values

The following table shows the Applicant's SACU ex-factory sales values of the subject products:

Table 5.4.3.2: Sales values in Rand

Subject product groupings	Tariff subheading	2018/19	2019/20	2020/21
Tyres for motor cars	HS 4011.10.01	100	68	64
	HS 4011.10.03	100	75	85
	HS 4011.10.05	100	80	89
	HS 4011.10.07	100	81	97
	HS 4011.10.09	100	70	108
Tyres for buses or lorries	HS 4011.20.16	100	82	100
	HS 4011.20.18	100	92	118
	HS 4011.20.26	100	143	205
Total Tyres for motor cars		100	75	96
Total Tyres for buses or lorries		100	118	163
Combined subject products (Tyres for motor cars & for buses or lorries)		100	84	109

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 5.4.3.2 above indicates that sales values for tyres for motor cars decreased by 25 index points from 2018/19 to 2019/20, increased by 21 index points from 2019/20 to 2020/21 and decreased by 4 index points during the POI.

Information in table 5.4.3.2 above further indicates that sales values for tyres for buses or lorries increased by 18 index points from 2018/19 to 2019/20, increased by 45 index points from 2019/20 to 2020/21 and increased by 63 index points during the POI.

Overall, information in table 5.4.3.2 above indicates that total sales values for the subject products decreased by 16 index points from 2018/19 to 2019/20, increased by 25 index points from 2019/20 to 2020/21 and increased by 9 index points during the POI.

5.4.3.3 Profit

The following table shows the profit situation applicable to each tariff sub-subheading and overall subject products:

Table: 5.4.3.3: Gross & Net Profits

Subject product groupings	Tariff subheading	2018/19	2019/20	2020/21
Gross Profit (R/tyre)				
Tyres for motor cars	HS 4011.10.01	100	92	76
	HS 4011.10.03	100	143	83
	HS 4011.10.05	100	157	102
	HS 4011.10.07	100	-302	-89
	HS 4011.10.09	100	87	62
Tyres for buses or lorries	HS 4011.20.16	100	118	80
	HS 4011.20.18	100	-37	744
	HS 4011.20.26	100	116	1
Total Tyres for motor cars		100	121	87
Total Tyres for buses or lorries		100	119	16
Combined subject products (Tyres for motor cars & for buses or lorries)		100	120	39
Net Profit (R/tyre)				
Tyres for motor cars	HS 4011.10.01	100	102	95
	HS 4011.10.03	100	139	106
	HS 4011.10.05	100	148	120
	HS 4011.10.07	100	96	120
	HS 4011.10.09	100	-31	-124
Tyres for buses or lorries	HS 4011.20.16	100	126	110
	HS 4011.20.18	100	146	97
	HS 4011.20.26	100	126	63
Total Tyres for motor cars		100	132	121
Total Tyres for buses or lorries		100	128	79
Combined subject products (Tyres for motor cars & for buses or lorries)		100	129	95

The figures were indexed due to confidentiality using 2018/19 as a base year. The total gross and net profit figures had negative bases (except for HS 4011.10.19), fluctuations depicted in the table above are on negative figures.

Information in table: 5.4.3.3 above indicates that the Applicant experienced net losses during the POI.

Commission's consideration

The Applicant is still in a loss situation, albeit an improvement in its losses. There was a decline in sales volumes, however output declined further, which may also have played a role in reducing losses. The Applicant's losses were improved by the Applicant increasing selling prices. The losses can be attributed to the increase in dumped import volumes.

5.4.3.4 Market share

The following table gives a breakdown of market share for the subject products based on sales and import volumes:

Table 5.4.3.4 (a): Market share: HS 4011.10.01 – Tyres for motor cars

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	74	54
Dumped imports as a % of total market	100	132	148
Other Imports' market share as a % of total market	100	147	250

The figures were indexed due to confidentiality using 2018/19 as a base year.

Table 5.4.3.4 (b): Market share: HS 4011.10.03 – Tyres for motor cars

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	86	73
Dumped imports as a % of total market	100	123	132
Other Imports' market share as a % of total market	100	136	235

The figures were indexed due to confidentiality using 2018/19 as a base year.

Table 5.4.3.4 (c): Market share: HS 4011.10.05 – Tyres for motor cars

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	91	79
Dumped imports as a % of total market	100	123	131
Other Imports' market share as a % of total market	100	113	170

The figures were indexed due to confidentiality using 2018/19 as a base year.

Table 5.4.3.4 (d): Market share: HS 4011.10.07 – Tyres for motor cars

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	95	90
Dumped imports as a % of total market	100	100	107
Other Imports' market share as a % of total market	100	114	121

The figures were indexed due to confidentiality using 2018/19 as a base year.

Table 5.4.3.4 (e): Market share: HS 4011.10.09 – Tyres for motor cars

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	86	93
Dumped imports as a % of total market	100	111	122
Other Imports' market share as a % of total market	100	111	98

The figures were indexed due to confidentiality using 2018/19 as a base year.

Table 5.4.3.4 (f): Market share: HS 4011.20.16 – Tyres for buses or lorries

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	95	93
Dumped imports as a % of total market	100	98	98
Other Imports' market share as a % of total market	100	115	119

The figures were indexed due to confidentiality using 2018/19 as a base year.

Table 5.4.3.4 (g): Market share: HS 4011.20.18 – Tyres for buses or lorries

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	93	94
Dumped imports as a % of total market	100	101	91
Other Imports' market share as a % of total market	100	108	117

The figures were indexed due to confidentiality using 2018/19 as a base year.

Table 5.4.3.4 (h): Market share: HS 4011.20.26 – Tyres for buses or lorries

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	161	166
Dumped imports as a % of total market	100	91	111
Other Imports' market share as a % of total market	100	87	55

The figures were indexed due to confidentiality using 2018/19 as a base year.

Table 5.4.3.4 (i): Total Market share - Tyres for motor cars

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	89	81
Dumped imports as a % of total market	100	118	127
Other Imports' market share as a % of total market	100	112	123

The figures were indexed due to confidentiality using 2018/19 as a base year.

Table 5.4.3.4 (j): Total Market share - Tyres for buses or lorries

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	107	108
Dumped imports as a % of total market	100	95	101
Other Imports' market share as a % of total market	100	100	91

The figures were indexed due to confidentiality using 2018/19 as a base year.

Table 5.4.3.4 (k): Total Market share: Combined subject products (Tyres for motor cars & for buses or lorries)

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	90	84
Dumped imports as a % of total market	100	111	119
Other Imports' market share as a % of total market	100	109	115

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 5.4.3.4 (i) above indicates that the Applicant's market share of tyres for motor cars decreased by 11 index points from 2018/19 to 2019/20, further decreased by 8 index points from 2019/20 to 2020/21 and decreased by 19 index points during the POI. The dumped imports market share increased by 18 index points from 2018/19 to 2019/20, further increased by 9 index points from 2019/20 to 2020/21 and increased by 27 points during the POI. Other imports market share increased by 12 index points from 2018/19 to 2019/20, increased by 11 index points from 2019/20 to 2020/21 and increased by 23 index points during the POI.

Information in table 5.4.3.4 (j) above indicates that the Applicant's market share of tyres for busses or lorries increased by 7 index points from 2018/19 to 2019/20, further increased by 1 index point from 2019/20 to 2020/21 and increased by 8 index points during the POI. The dumped imports market share decreased by 5 index points from 2018/19 to 2019/20, increased by 6 index points from 2019/20 to 2020/21 and increased by 1 index point during the POI. Other imports market share remained constant from 2018/19 to 2019/20, decreased by 9 index points from 2019/20 to 2020/21 and decreased by 9 index points during the POI.

Information in table 5.4.3.4 (k) above indicates that the Applicant's market share of the subject products decreased by 10 index points from 2018/19 to 2019/20, further decreased by 6 index points from 2019/20 to 2020/21 and decreased by 16 index points during the POI. The dumped imports market share increased by 11 index points from 2018/19 to 2019/20, further increased by 8 index points from 2019/20 to 2020/21 and increased by 19 index points during the POI. Other imports market share increased by 9 index points from 2018/19 to 2019/20, increased by 6 index points from 2019/20 to 2020/21 and increased by 15 index points during the POI.

The Applicant stated that the SACU industry's market share loss is as a result of an increase in the dumped imports from the PRC causing the SACU Industry to suffer material injury.

Commission's consideration

The Commission considered that the dumped imports market share constitutes a significant portion of imports, and if not addressed, they will dominate the SACU market at the expense of the SACU industry.

5.4.3.5 Output

The following table shows the Applicant's total output of the subject products:

Table 5.4.3.5: Output

Subject product groupings	Tariff subheading	2018/19	2019/20	2020/21
Tyres for motor cars	HS 4011.10.01	100	65	52
	HS 4011.10.03	100	72	69
	HS 4011.10.05	100	83	81
	HS 4011.10.07	100	60	83
	HS 4011.10.09	100	51	113
Tyres for buses or lorries	HS 4011.20.16	100	112	131
	HS 4011.20.18	100	66	92
	HS 4011.20.26	100	110	151
Total: Tyres for motor cars		100	67	84
Total: Tyres for buses or lorries		100	84	113
Combined subject products (Tyres for motor cars & for buses or lorries)		100	69	87

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 5.4.3.5 above indicates that output volumes for tyres for motor cars decreased by 33 index points from 2018/19 to 2019/20, increased by 17 index points from 2019/20 to 2020/21 and decreased by 16 index points during the POI.

Information in table 5.4.3.5 above further indicates that output volumes for tyres for buses or lorries decreased by 16 index points from 2018/19 to 2019/20, increased by 29 index points from 2019/20 to 2020/21 and increased by 13 index points during the POI.

Overall, information in table 5.4.3.5 above indicates that overall total output volumes for the subject products decreased by 31 index points from 2018/19 to 2019/20, increased by 18 index points from 2019/20 to 2020/21 and decreased by 13 index points during the POI.

The Applicant stated that the total production volumes for the subject products combined experienced a decreasing trend over the POI even though there was an increase in production from 2020 to 2021 the volumes remain below the 2019 level.

The Applicant further stated that because of the dumped imports from the PRC, the SACU manufacturers were and are losing sales volumes with pressure being exerted to cut back on production to avoid stock level build-up to higher than manageable levels, indicating that material injury is being suffered by the SACU industry. The SACU industry's competitive environment is severely challenged by the unfair trade disposition that is being created by the lowered-priced dumped imports from the PRC, the continued increasing trend of which will result in further production cutbacks to try and compensate for lost sales volumes. Without the implementation of anti-dumping duties there will be no relief from this dire position and the material injury of the SACU manufacturers will be amplified.

Commission's consideration

COVID-19 may have had an impact in the reduced output of 2019/2020 as non-essential business were closed for a certain period. However, after operations resumed in 2020/2021, output was still lower when compared to 2018/2019. It is noted that in 2020/21 the dumped imports were a significant percentage of total imports to SACU.

5.4.3.6 Employment

The following table provides the Applicant's total employment figures:

Table 5.4.3.6: Number of employees in manufacturing production (direct and indirect)

Subject product groupings	Employment	2018/19	2019/20	2020/21
Tyres for motor cars	Direct labour	100	95	86
	Indirect labour	100	87	75
	Total labour	100	93	83
Tyres for buses or lorries	Direct labour	100	98	105
	Indirect labour	100	94	99
	Total labour	100	97	103
Combined subject products	Direct labour	100	96	91
	Indirect labour	100	89	81
	Total labour	100	94	88

The numbers of employees are averages for the year. The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 5.4.3.6 above indicates that the total number of employees working on motor cars decreased by 7 index points from 2018/19 to 2019/20, and further decreased by 10 index points from 2019/20 to 2020/21. During the POI, employees decreased by 17 index points. Total employment for motor cars has been on a declining trend.

Information in table 5.4.3.6 above further indicates that the total number of employees working on buses or lorries, decreased by 3 index points from 2018/19 to 2019/20, while from 2019/20 to 2020/21 there was an increase of 6 index points. During the POI, the overall number of employees increased by 3 index points.

Overall, information in table 5.4.3.6 indicates that the total number of employees for the combined subject products decreased by 6 index points from 2018/19 to 2019/20, further decreased by 6 index points from 2019/20 to 2020/21 and decreased by 12 index points during the POI.

5.4.3.7: Productivity

The following table provides SACU industry's productivity based on output and number of employees in direct production:

Table 5.4.3.7: Productivity

Subject product groupings	Productivity	2018/19	2019/20	2020/21
Tyres for motor cars	Total production volume	100	71	85
	Number of employees (Production)	100	93	83
	Tyre per employee	100	77	102
Tyres for buses or lorries	Total production volume	100	79	102
	Number of employees (Production)	100	98	105
	Tyre per employee	100	80	97
Combined subject products	Total production volume	100	72	87
	Number of employees (Production)	100	94	87
	Tyre per employee	100	78	101

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 5.4.3.7 above indicates that productivity per employee for motor cars decreased by 23 index points from 2018/19 to 2019/20, increased by 25 index points from 2019/20 to 2020/21 and during the POI, it increased by 2 index points.

Information in table 5.4.3.7 above further indicates that productivity per employee for buses or lorries decreased by 20 index points from 2018/19 to 2019/20, increased by 17 index points from 2019/20 to 2020/21 and during the POI, it decreased by 3 index points. The Applicant stated that the decreasing trend indicates that the Applicant suffered material injury.

Overall information in table 5.4.3.7 above indicates that productivity per employee for the combined subject products decreased by 22 index points from 2018/19 to 2019/20, increased by 23 index points from 2019/20 to 2020/21 and during the POI, it increased by 1 index point.

5.4.3.8 Utilisation of production capacity

The following table provides the Applicant's capacity utilisation.

Table 5.4.3.8: Capacity utilisation

Subject product groupings	Capacity Utilisation	2018/19	2019/20	2020/21
Tyres for motor cars	Total Installed Capacity (Tyre)	100	101	96
	Actual Production (Tyre)	100	71	85
	Capacity utilisation %	100	71	88
Tyres for buses or lorries	Total Installed Capacity (Tyre)	100	98	130
	Actual Production (Tyre)	100	79	102
	Capacity utilisation %	100	81	79
Combined subject products	Total Installed Capacity (Tyre)	100	100	99
	Actual Production (Tyre)	100	72	87
	Capacity utilisation %	100	72	88

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 5.4.3.8 above indicates that capacity utilisation for tyres for motor cars decreased by 29 index points from 2018/19 to 2019/20, increased by 17 index points from 2019/20 to 2020/21 and during the POI, it decreased by 12 index points.

Information in table 5.4.3.8 above further indicates that capacity utilisation for tyres for buses or lorries decreased by 19 index points from 2018/19 to 2019/20, decreased by 2 index points from 2019/20 to 2020/21 and during the POI, it decreased by 21 index points during the POI.

Overall, information in table 5.4.3.8 above indicates that capacity utilisation for the combined subject products decreased by 28 index points from 2018/19 to 2019/20, increased by 16 index points from 2019/20 to 2020/ and during the POI, it decreased by 12 index points.

The Applicant stated that capacity utilisation is however not at optimal levels and the fact that the respective two groupings' 2021 capacity utilisation were below the 2019 levels are indicative that material injury is being suffered by the SACU Industry. The

Applicant further stated that the should the SACU manufacturers continue to experience a decline in sales, it would result in further production reductions of the subject products, giving cause to even lower capacity utilisation figures, leading to lower productivity.

5.4.3.9 Return on Investment

The following table shows SACU industry’s return on investment on the subject products:

Table: 5.4.3.9: Return on investment

Subject product groupings	ROI	2018/19	2019/20	2020/21
Tyres for motor cars	Net profit	100	63	47
	Net assets	100	97	102
	Return on net assets (%)	100	65	47
Tyres for buses or lorries	Net profit	100	109	73
	Net assets	100	103	96
	Return on net assets (%)	100	105	76
Combined subject products	Net profit	100	136	67
	Net assets	100	79	73
	Return on net assets (%)	100	172	91

The figures were indexed due to confidentiality using 2018/19 as a base year. The net profit and return on net assets % figures had negative bases, fluctuations depicted in the table above are on negative figures.

Information in table 5.4.3.9 above indicates that return on assets for all subject products decreased during the POI, for tyres for motor cars decreasing by 53 index points, and tyres for busses or lorries decreasing by 24 index points and for the combined subject products decreased by 9 index points.

The Applicant stated that the SACU industry’s return on investment is based on the total profit/loss of each of the subject products expressed as a percentage of the net assets. The return on investment is based on net asset book value. It is evident that for the return of investment in 2019, 2020 and 2021 negative figures exist for the motors cars as well as the buses or lorries. The negative trends that exit are indicative that the SACU Industry is suffering an immense level of material injury over the POI.

Commission's consideration

The Applicant is still experiencing negative return on investments, albeit an improvement in their situation.

5.4.3.10 Factors affecting domestic prices

The Applicant experienced price undercutting and price suppression.

5.4.3.11 Margin of dumping

The following margin of dumping was calculated:

Table 5.4.3.11: Margin of dumping

Producer/Exporter	Margin of dumping when expressed as a % of the ex-factory export price
Shouguang Firemax Tyre Co., Ltd.	7.34%
Shandong Xinghongyuan Tyre Co., Ltd.	1.41%
Shandong Haohua Tire Co., Ltd.	10.48%
Shandong Habilead Rubber Co., Ltd.	8.22%
Shandong Changfeng Tyres Co., Ltd.	18.96%
Shandong Yongfeng Tyres Co., Ltd.	
Shandong Mirage Tyres Co., Ltd.	
Shandong Shuangwang Rubber Co., Ltd.	12.66%
Sailun Group Co., Ltd.	44.02%
Sailun (Dongying) Tire Co., Ltd.	
Sailun (Shenyang) Tire Co Ltd.	
Weifang Shunfuchang Rubber and Plastic Products Co., Ltd.	
Weifang Yuelong Rubber Co., Ltd.	
Prinx Chengshan (Shandong) Tire Company Ltd.	
Double Coin Group (Jiangsu) Tyre Co., Ltd.	
Double Coin Tyre Group (Shanghai) Imp & Exp Co., Ltd.	
Shanghai Double Coin Tyre Sales Co., Ltd.	
Wanli Tire Corporation Limited	
Wanli Group Trade Limited	
Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.	
Anhui Jichi Tire Co., Ltd.	
Shandong Yongsheng Rubber Group Co., Ltd.	
Shandong Yousheng Tyre Co., Ltd.	
Zhongyi Rubber Co., Ltd.	
Aeolus Tyre Co., Ltd.	
Aeolus Tyre (Taiyuan) Co., Ltd.	
Qingdao Fullrun Tyre Corp., Ltd.	
Zhaoqing Junhong Co., Ltd.	

Producer/Exporter	Margin of dumping when expressed as a % of the ex-factory export price
Nanjing Kumho Tire Co., Ltd	15.03%
Qingdao Nexen Tire Corporation	
Shandong Wanda Boto Tyre Co., Ltd.	
Triangle Tyre Co., Ltd.	
Qingdao Sentury Tire Co. Ltd.	
Kumho Tire(Tianjin) Co., Inc	
Zhongce Rubber Group Co., Ltd.	
Qingzhou Detail International Trading Co., Ltd.	
Shandong Gallop Rubber Co., Ltd.	
Wuchan Zhongda Chemical Group Co., Ltd.	
Navigator Rubber Co., Ltd.	
Guangrao Taihua International Trade Co., Ltd.	
Weifang Goldshield Tire Co., Ltd.	
Weifang Huadong Rubber Co., Ltd.	
Shandong New Continent Tire Co., Ltd.	
Shandong Fengyuan Tire Manufacturing co., Ltd.	
Qingdao Doublestar Tire Industrial Co., Ltd.	
Shandong Hongsheng Rubber Technology Co Ltd.	
Shandong Huasheng Rubber Co Ltd.	
Chongqing Hankook Tire Co., Ltd.	
Hankook Tire China Co., Ltd.	
Jiangsu Hankook Tire Co., Ltd.	
Zhaoqing Junhong Co., Ltd.	
Shandong Jinyu Tire Co., Ltd.	
Zodo Tire Co., Ltd.	
Giti Radial Tire (Anhui) Co., Ltd.	
Giti Tire (Hualin) Company Ltd	
Giti Tire (Fujian) Co., Ltd	
Kumho Tire(Changchun) Co., Inc.	
All other producers/ exporters	41.63%

5.4.3.12 Actual and potential negative effects on cash flow

The table below outlines net cash flow applicable to the subject products:

Table 5.4.3.12: Net Cash flow in Rands

Subject product groupings	Tariff subheading	2018/19	2019/20	2020/21
Tyres for motor cars	HS 4011.10.01	100	59	45
	HS 4011.10.03	100	106	68
	HS 4011.10.05	100	109	87
	HS 4011.10.07	100	-160	277
	HS 4011.10.09	100	65	56
Tyres for buses or lorries	HS 4011.20.16	100	94	94
	HS 4011.20.18	100	108	80
	HS 4011.20.26	100	338	195
Total: Tyres for motor cars		100	110	84
Total: Tyres for buses or lorries		100	169	119
Combined subject products (Tyres for motor cars & for buses or lorries)		100	125	93

The figures were indexed due to confidentiality using 2018/19 as a base year. The total net cash flows had negative bases (except for HS 4011.10.09), fluctuations depicted in the table above are based on negative figures.

Information in table 5.4.3.12 above indicates that net cash flow for tyres for motor cars and buses and lorries was negative during the POI and has been on a decreasing trend.

The Applicant stated that SACU manufacturers are impaired from gaining domestic market share through increasing its sales volumes due to the dumped imports from the PRC that are undercutting the SACU industry's selling prices. These alarming negative net cash flow trends and figures are clear indications of the serious material injury of that is being suffered by the SACU industry.

Commission's consideration

The Applicant is experiencing negative cash flows, albeit an improvement in their cash flow situation.

5.4.3.13 Inventories

The following table provides the SACU industry's inventory volumes of the subject products:

Table 5.4.3.13: Inventory volumes

Subject product groupings	Tariff subheading	2018/19	2019/20	2020/21
Tyres for motor cars	HS 4011.10.01	100	87	73
	HS 4011.10.03	100	59	62
	HS 4011.10.05	100	66	75
	HS 4011.10.07	100	48	42
	HS 4011.10.09	100	68	68
Tyres for buses or lorries	HS 4011.20.16	100	100	125
	HS 4011.20.18	100	69	85
	HS 4011.20.26	100	90	78
Total: Tyres for motor cars		100	62	63
Total: Tyres for buses or lorries		100	80	87
Combined subject products (Tyres for motor cars & for buses or lorries)		100	64	66

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 5.4.3.13 above indicates that the inventory volumes for tyres for motor cars decreased by 38 index points from 2018/19 to 2019/20, increased by 1 index point from 2019/20 to 2020/21 and decreased by 37 index points during the POI.

Information in Table 5.4.3.13 above further indicates that the inventory volumes for tyres for buses or lorries decreased by 20 index points from 2018/19 to 2019/20, increased by 7 index points from 2019/20 to 2020/21 and decreased by 13 index points during the POI.

Overall, information in table 5.4.3.13 above indicates that total inventory volumes for the subject products decreased by 36 index points from 2018/19 to 2019/20, increased by 2 index points from 2019/20 to 2020/21 and decreased by 34 index points during the POI.

The Applicant stated that the introduction of reduced production strategies and efficient management, the SACU manufacturers were capable of reducing and controlling inventory levels. The result of these measures prevented substantially higher inventory levels from occurring.

5.4.3.14 Wages

The following table provides SACU industry's total annual wages:

Table 5.4.3.14: Total Wages (production) in Rands

Subject product groupings	Wages	2018/19	2019/20	2020/21
Tyres for motor cars	Direct Wages	100	84	100
	Indirect Wages	100	86	90
	Total Wages	100	85	95
Tyres for buses or lorries	Direct Wages	100	95	131
	Indirect Wages	100	98	121
	Total Wages	100	96	127
Combined subject products	Direct Wages	100	87	10
	Indirect Wages	100	88	95
	Total Wages	100	87	100

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 5.4.3.14 above indicates that the total wages for tyres for motor cars decreased by 15 index points from 2018/19 to 2019/20, increased by 10 index points from 2019/20 to 2020/21 and decreased by 5 index points during the POI.

Information in table 5.4.3.14 above further indicates that the total wages for tyres for buses or lorries decreased by 4 index points from 2018/19 to 2019/20, increased by 31 index points from 2019/20 to 2020/21 and increased by 27 index points during the POI.

Overall, information in table 5.4.3.14 above indicates that the total wages for the combined subject products decreased by 13 index points from 2018/19 to 2019/20, increased by 13 index points from 2019/20 to 2020/21 and there was no change during the POI.

5.4.3.15 Ability to raise capital and investments

The following table provides SACU industry's ability to raise capital and investments on the subject products:

Table 5.4.3.15: Ability to raise capital and investment

Subject product groupings	Capital and Investment	2018/19	2019/20	2020/21
Tyres for motor cars	Investment	100	48	42
	Expenditure	100	84	75
Tyres for buses or lorries	Investment	100	23	23
	Expenditure	100	94	99
Combined subject products	Investment	100	43	38
	Expenditure	100	89	86

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 5.4.3.15 above indicates that total investment for tyres for motor cars decreased by 52 index points from 2018/19 to 2019/20, decreased by 6 index points from 2019/20 to 2020/21 and decreased by 58 index points during the POI. Capital expenditure for motor cars decreased by 16 index points from 2018/19 to 2019/20, decreased by 9 index points from 2019/20 to 2020/21 and decreased by 25 index points during the POI

Information in table 5.4.3.15 above further indicates that the total investment for tyres for buses or lorries decreased by 77 index points from 2018/19 to 2019/20, remained constant from 2019/20 to 2020/21 and decreased by 77 index points during the POI. The capital expenditure for buses or lorries decreased by 6 index points from 2018/19 to 2019/20, increased by 5 index points from 2019/20 to 2020/21 and decreased by 1 index point during the POI.

Overall, information in table 5.4.3.15 above indicates that total investments for the combined subject products decreased by 57 index points from 2018/19 to 2019/20, decreased by 5 index points from 2019/20 to 2020/21 and decreased by 62 index points during the POI. The capital expenditure for tyres for the combined subject products decreased by 11 index points from 2018/19 to 2019/20, decreased by 3 index points from 2019/20 to 2020/21 and decreased by 14 index points during the POI.

The Applicant stated that total capital expenditure and investment for the two subject

product groupings show decreasing trends over the period 2019 to 2021, therefore, there is no need to raise additional capital for increasing capacity.

5.4.3.16 Growth

The following tables show size of the SACU market applicable to the subject products.

Table 5.3.3.16(a) HS 4011.10.01 – Tyres for motor cars

	2018/19	2019/20	2020/21	% Change 2018 to 2021
Size of SACU market	100	84	94	-6
% Growth of SACU market from previous year		100*	176	64
Applicant % growth from previous year		100*	53	-29
PRC dumped imports % growth from previous year		100	116	240
Other imports % growth from previous year		100	278	469

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year. *These percentage figures have negative bases.

Table 5.3.3.16(b) HS 4011.10.03 – Tyres for motor cars

	2018/19	2019/20	2020/21	% Change 2018 to 2021
Size of SACU market	100	81	97	-3
% Growth of SACU market from previous year		100*	-202	83
Applicant % growth from previous year		100*	104	30
PRC dumped imports % growth from previous year		100	1 290	1 300
Other imports % growth from previous year		100	894	1 100

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year. *These percentage bases were negative.

Table 5.3.3.16(c) HS 4011.10.05 – Tyres for motor cars

	2018/19	2019/20	2020/21	% Change 2018 to 2021
Size of SACU market	100	82	96	-4
% Growth of SACU market from previous year		100*	195	78
Applicant % growth from previous year		100*	107	52
PRC dumped imports % growth from previous year		100	1 816	1 940
Other imports % growth from previous year		100*	1 111	934

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year. *These percentage bases were negative.

Table 5.3.3.16(d) HS 4011.10.07 – Tyres for motor cars

	2018/19	2019/20	2020/21	% Change 2018 to 2021
Size of SACU market	100	84	96	-4
% Growth of SACU market from previous year		100*	188	73
Applicant % growth from previous year		100*	142	33
PRC dumped imports % growth from previous year		100*	238	116
Other imports % growth from previous year		100*	553	431

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year. *These percentage bases were negative.

Table 5.3.3.16(e) HS 4011.10.09 – Tyres for motor cars

	2018/19	2019/20	2020/21	% Change 2018 to 2021
Size of SACU market	100	78	102	2
% Growth of SACU market from previous year		100*	238	108
Applicant % growth from previous year		100*	226	84
PRC dumped imports % growth from previous year		100*	-421	277
Other imports % growth from previous year		100*	210	96

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year. *These percentage bases were negative.

Table 5.3.3.16(f) HS 4011.20.16 – Tyres for buses or lorries

	2018/19	2019/20	2020/21	% Change 2018 to 2021
Size of SACU market	100	80	90	-10
% Growth of SACU market from previous year		100*	168	53
Applicant % growth from previous year		100*	144	34
PRC dumped imports % growth from previous year		100*	164	50
Other imports % growth from previous year		100*	318	200

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year. *These percentage bases were negative.

Table 5.3.3.16(g) HS 4011.20.18 – Tyres for buses or lorries

	2018/19	2019/20	2020/21	% Change 2018 to 2021
Size of SACU market	100	92	112	12
% Growth of SACU market from previous year		100*	368	247
Applicant % growth from previous year		100*	255	133
PRC dumped imports % growth from previous year		100*	236	126
Other imports % growth from previous year		100*	-3 971	3 838

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year. *These percentage bases were negative.

Table 5.3.3.16(h) HS 4011.20.26 – Tyres for buses or lorries

	2018/19	2019/20	2020/21	% Change 2018 to 2021
Size of SACU market	100	86	110	10
% Growth of SACU market from previous year		100*	300	171
Applicant % growth from previous year		100	-11	122
PRC dumped imports % growth from previous year		100*	360	202
Other imports % growth from previous year		100*	28	-53

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year. *These percentage bases were negative.

Table 5.3.3.16(i) Total: Tyres for motor cars

	2018/19	2019/20	2020/21	% Change 2018 to 2021
Size of SACU market	100	81	98	-2
% Growth of SACU market from previous year		100*	210	89
Applicant % growth from previous year		100*	139	28
PRC dumped imports % growth from previous year		100*	-826	696
Other imports % growth from previous year		100*	459	326

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year. *These percentage bases were negative.

Table 5.3.3.16(j) Total: Tyres for buses or lorries

	2018/19	2019/20	2020/21	% Change 2018 to 2021
Size of SACU market	100	87	106	6
% Growth of SACU market from previous year		100*	-272	150
Applicant % growth from previous year		100*	446	324
PRC dumped imports % growth from previous year		100*	272	142
Other imports % growth from previous year		100*	191	79

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year. *These percentage bases were negative.

Table 5.3.3.16(k) Combined Subject Products (Tyres for motor cars & for buses or lorries)

	2018/19	2019/20	2020/21	% Change 2018 to 2021
Size of SACU market	100	82	100	0
% Growth of SACU market from previous year		100*	219	98
Applicant % growth from previous year		100*	149	36
PRC dumped imports % growth from previous year		100*	451	321
Other imports % growth from previous year		100*	372	244

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year. *These percentage bases were negative.

Information in table 5.4.3.16(i) above indicates that the size of the SACU market for tyres for motor cars decreased by 2 index points during the POI. The Applicant's growth increased by 28 index points, whilst growth of other imports increased by 326 index points, and the growth of dumped imports from the PRC increased 696 index points during the same period.

Information in table 5.4.3.16 (j) above indicates that the size of the SACU market for tyres for buses or lorries increased by 6 index points during the POI. The Applicant's growth increased by 324 index points, growth of other imports increased by 79 index points, and the growth of dumped imports from the PRC increased 142 index points during the same period.

Information in table 5.4.3.16(k) above indicates that the size of the SACU market for the combined subject products remained constant during the POI. The Applicant's growth increased by 36 index points, whilst growth of other imports increased by 244 index points, and the growth of dumped imports increased by 321 index points during the same period.

Comments from interested parties on the preliminary report

Price injury needs to be determined on a model-by-model basis.

Commission's consideration

The price injury information was analysed for each tariff subheading using the average price applicable to each tariff subheading. It is common knowledge that under each tariff subheading there are various models, and it would be impractical to analyse each model of the subject product as each exporter has different models, which cannot be deemed the same with another exporter. Likewise, every SACU producer has different models that cannot be compared with each other, and with the models of exporters. However, the dumping margin applicable to each producer/exporter was determined on a model-by-model basis.

Comments by interested parties to the essential facts letter

Price suppression now appears as an indicator of material injury whereas it was not there before.

Commission's considerations

ADR indicates that price suppression takes place where the cost to price ratio of the SACU industry increases, or where the SACU industry sells at a loss during the POI or part thereof and therefore based on this definition the SACU industry experienced price suppression. It is noted that in the preliminary determination, price suppression was not listed as an injury indicator, however, upon further analysis, it was found that the Applicant suffered price suppression due to its loss making situation.

5.4.3.17 Summary of material injury

The examination of the impact of the dumped imports on the domestic industry shall include import volumes, price effects, the relevant economic factors and any other relevant information brought before the Commission that would have a bearing on the state of the industry.

The SACU industry experienced material over a three-year period in the form of:

- Price suppression;
- Declining sales volume;
- Decrease in market share;
- Decline in output;
- Declining productivity;
- Declining employment;
- Declining utilisation of production capacity; and
- Slowdown in growth

With regard to the consideration of material injury, it should be noted that in terms of the WTO guidance, the Commission makes an overall assessment of the information provided with regard to all of the 15 injury factors in making a determination on material injury. Therefore, none of the individual material injury factors will provide decisive guidance, but rather the overall assessment of material injury does. The factors to consider are outlined in the Anti-Dumping Agreement and the Anti-Dumping Regulations.

Based on the information above, it is evident that the SACU industry mainly experienced material injury on volumes-based indicators and there is price suppression. The Applicant suffered losses, although the loss situation improved, and the improvement based on the applicant having to increase prices.

When the situation of the industry is analysed as a collective, the dumped imports of the subject products increased, capturing SACU market, whilst the SACU industry lost sales volume and market share, the market share of the undumped imports also increased however at a lower percentage when compared to dumped imports. The dumped imports grew when the size of the SACU market declined. The reduction in SACU sales volume led to a reduction in production (output), employment numbers and the available capacity is not fully utilised. The industry increased prices however negative profits were incurred and there is no return on investment.

It is noted that imports volumes in the 2019/20 period declined, when compared to 2018/19, while also most injury indicators also showed a decline in the same year, however in 2020/21, imports recovered, even exceeding imports of 2018/19, to reach

the highest levels. Most injury indicators recovered in 2020/21, however their recovery was below 2018/19 figures. This reflects that the impact of Covid-19 was felt by imports and the SACU industry, however, post Covid-19 year (2020/21), the recovery was not fully felt in the SACU industry, while imports recovered and surpassed pre-Covid-19 levels in 2020/21 year.

Based on the information the Commission made a final determination the SACU industry is experiencing material injury.

6. THREAT OF MATERIAL INJURY

The Applicant provided the following information to substantiate threat of material injury:

6.1 Freely disposable capacity of the exporter

- The Applicant stated that the PRC tyre market was valued at USD 28.19 billion in 2019 and is projected to grow at a compound annual growth rate (“CAGR”) of over 6 percent during the forecast period to reach USD36.82 billion by 2025 owing to increasing sales of automobile and growing replacement tyre demand in the country. Rising demand for automobiles in most of the countries is leading to higher production in the PRC. The PRC is a leading exporter of automobiles to most of the regions across the globe, with the country being the largest exporter of automobiles to Middle East. High and rising vehicle production in the PRC is expected to continue boosting demand for tyres in the original equipment manufacturer (“OEM”) tyre segment.
- The PRC tyre market is segmented based on vehicle type, demand category, radial vs bias, rim size and region. Based on vehicle type, the market can be categorized into passenger car, LCV (Light Commercial Vehicle), M&HCV (Medium & Heavy Commercial Vehicle), OTR (Off-The-Road Vehicles), two-wheeler and three-wheeler. Among these, passenger car dominated the market with share of 53.45 percent in 2019. The growth of the segment can be attributed to surge in demand for personal transportation for daily commuting amid COVID-19, rise in sales of used and new passenger car, thereby, driving the demand for passenger car tyre through 2025.
- A major company operating in the tyre market in the PRC is Hangzhou Zhongce Rubber Co. Ltd.
- Due to increasing market competition, tyre manufacturers are trying to offer the best that they can. Tyre manufacturers are engaging in developing and integrating new technological advancements in their high-tech tyre offerings. Tyre manufacturers in the PRC are increasingly focusing on providing such advanced product offerings to meet the evolving consumer requirement with respect to better ride quality, better traction, safety, better fuel efficiency and durability.

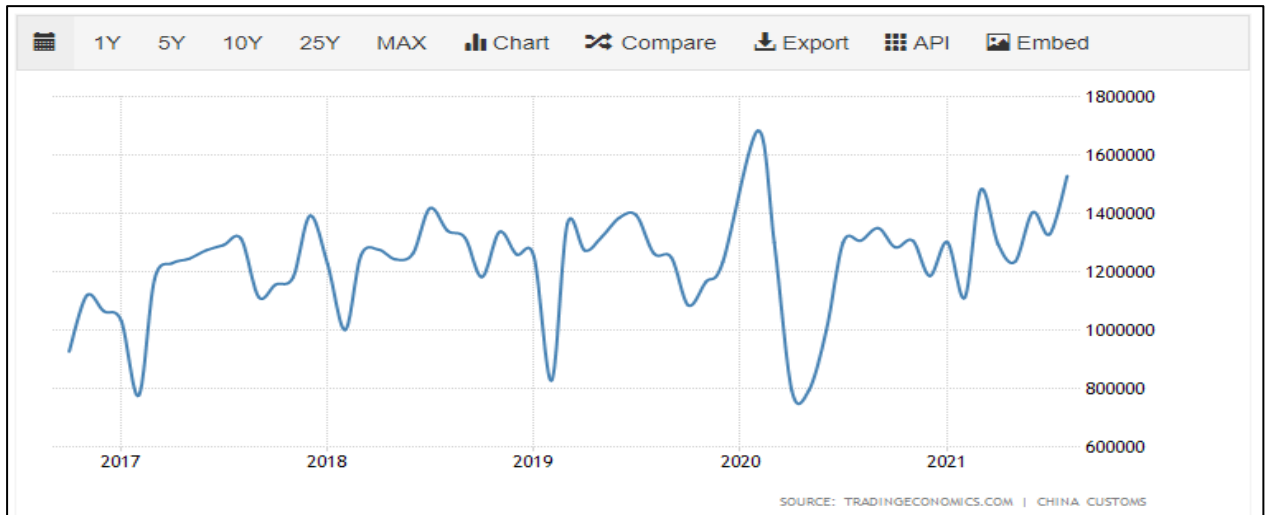
- The global automotive tyre market was valued at \$112.16 billion in 2019 and is projected to reach USD154.40 billion by 2027, registering a (CAGR) of 4.1 percent from 2020 to 2027. By vehicle type, the passenger car segment was the highest revenue contributor in 2019, accounting for USD80.33 billion, and is estimated to reach USD110.47 billion by 2027, registering a CAGR of 4.1 percent during the forecast period. In 2019, Asia-Pacific was anticipated to account for major market share.
- Automotive tyre is the circular vehicle component made of rubber used to cover the wheel's rim externally. The major function of the tyre is to protect the wheel rim and offer tractive force between the road surface and the vehicle. Since it is manufactured from rubber, it also provides a flexible cushion, thereby reducing the impact of the vibrations and absorbs the shock of the vehicle. Rubber tyre consists of tread, jointless cap piles, beads, and other materials, which include synthetic rubber, carbon black, and fabric. There is an increase in the demand for tyres exponentially due to the rise in the demand for vehicle production to cater to the surge in requirement of vehicles across all segments. Thus, the tyre demand is ultimately governed by automobile production. The automotive tyre market trends are decided on the basis of forecast from 2020 to 2027.
- Leading automotive manufacturers continue to invest in the developing countries due to low costs of labour, which further decrease the production costs, which will help meet the increase in demand for vehicles. The tyre industry has witnessed phenomenal growth in the last decade, also, the automotive sector is experiencing exponential growth due to a rise in the demand for automobiles and use of collaborative & consolidation manufacturing in tyre business. This in turn boosts the growth of the automotive tyres business. Therefore, there is a rise in competition among tyre manufacturers, which fosters the growth of the automotive tyre market.
- Demand for automobile tyres can be classified into OEM demand from whole-vehicle manufacturing and replacement demand from automobile aftermarket. In developed countries, there is scarce potential for growth of new automobile sales due to the high market saturation. Therefore, the demand for aftermarket becomes the major driving force of the tyre industry.
- According to analysts, two factors that drive the automobile tyre industry in the PRC: domestic market and export demand. On the one hand, both production volume and reserve volume of automobiles continue to grow in the PRC. In 2019, the production

volume of automobiles reached 25.72 million, representing a CAGR of 6.4 percent from 2009 to 2019. In 2019, the automobile reserve volume exceeded 1.9 million, representing a CAGR of 15 percent from 2012 to 2016. These two figures were far higher than the global average figures.

- On the other hand, the remarkable cost advantage of Chinese tyres over international competitors is correlated with an upward trend of tyre export from the PRC. In 2016, the export volume of Chinese automobile tyres was 3.31 million and the export value was USD 11.46 billion. Continuous increases in the export of Chinese tyres have led to huge international trade barriers faced by Chinese tyre export enterprises. However, the cost advantage of Chinese tyres is favourable to maintain the export volume at a high level in a short time.
- According to this analysis, the outbreak of the COVID-19 epidemic has had an adverse impact on the PRC's tyre manufacturing industry in the first quarter of 2020. However, since April 2020, the PRC's tyre manufacturing industry has gradually recovered. Although due to the impact of the epidemic, global and Chinese automobile production has declined, reducing the demand for tyres in the new car market, the demand for tyres in the aftermarket remains high.
- In 2019, the PRC's tyre export volume was about 500.6 million, and the CAGR from 2015 to 2019 was about 3 percent. The analyst expects that due to the impact of the COVID-19 epidemic in 2020, the PRC's tyre exports will slightly decline. From 2021 to 2025, the CAGR of China's tyre exports will remain at least 2 percent.
- In recent years, the PRC has faced a grim dilemma in tyre export in the wake of the PRC-US trade war and “anti-dumping and anti-subsidy” duties imposed by European Commission and the U.S. Department of Commerce on Chinese truck tyres. The PRC's tyre exports were 287 million units in 2018, presenting a CAGR of 3.8 percent during 2008-2018, and will get better (the CAGR in the PRC's tyre exports to the United States stood at -30.1 percent from 2015 to 2018) as the United States removed its antidumping and countervailing duties on Chinese tyres in May 2019.
- The rising prices of raw materials and more investment in environmental protection have pushed up production cost of tyre manufacturers that had to raise their prices in recent two years. In early 2019, more than a dozen announced a 2 percent-5 percent increase.
- The PRC's tyre industry is gearing towards high-end, brand reputation and green manufacturing in pursuit of development, through which Chinese tyres have enjoyed

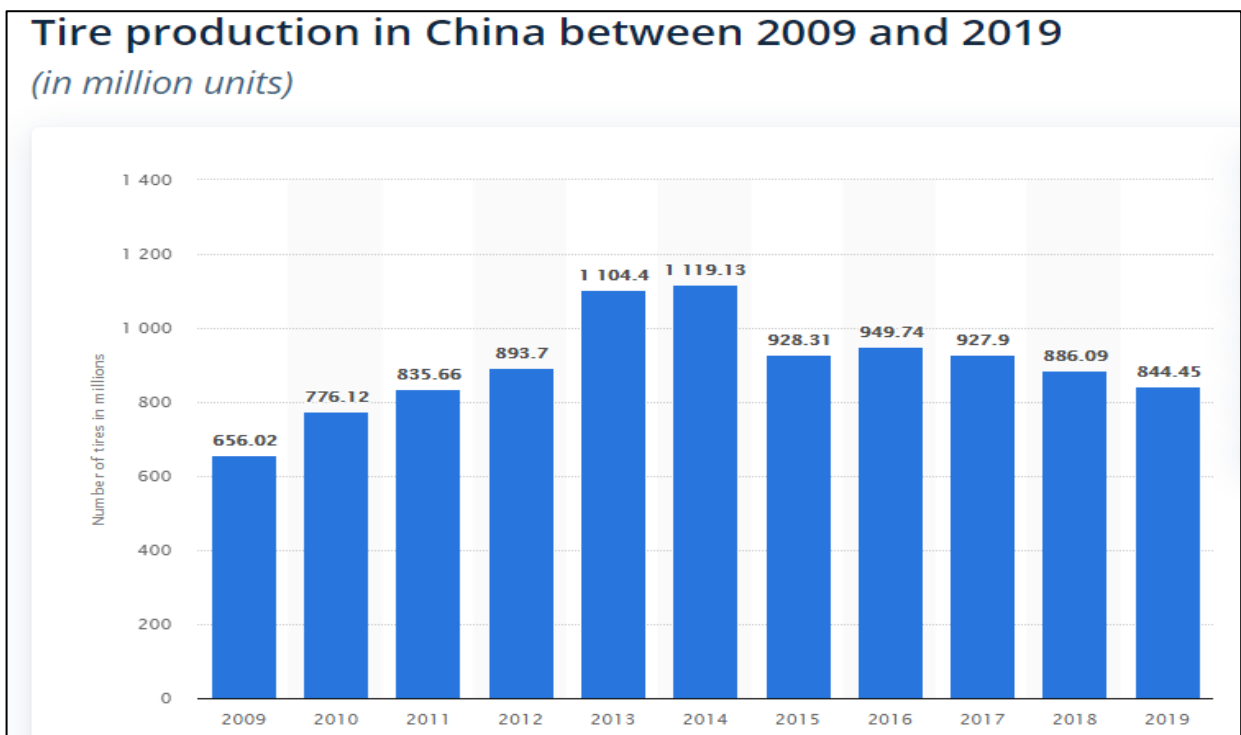
a better brand image and a higher penetration that has risen from 20 percent ten years ago to 40 percent in replacement market and from 7 percent to 24 percent in OEM market.

Graph 1: Export of rubber tyres from the PRC – 2017 to 2021



<https://tradingeconomics.com/china/exports-of-rubber-tyres>

Graph 2: PRC tyre production between 2009 and 2019



<https://www.statista.com/statistics/279223/tyre-production-in-china/>

- All indications are that the tyre production in the PRC is recuperating post the COVID lockdown and that exports since 2017 have been on the increase. From the information above, the 2019 production volume was still 32.25 percent lower than the 2014 production volume peak and in 2021, the export volumes has already increased from 2019. Thus, the PRC does have the capacity to increase its exports even further.
- Testimony hereof is that the PRC exported 236 million unit's tyres over the first five months of 2021, representing a 48 percent rise from a year ago. Export value leapt 41 percent from the same period in 2020, to USD6.4 billion. Volumes in tonnage rose by 38 percent to 2.8 million tonnes. Overall tyre production rose 16 percent in to 78 million unit's tyres during the month.
- However, the PRC has a substantial number of tyre manufacturers with many of these having export ability and that would be able to supply to SACU importers on demand. The sizes of these manufacturers vary in size, with one having an annual production capacity of 40 million passenger car tyres, with the truck and bus radial capacity being 5.4 million tyres.
- The Applicant however believes that manufacturers in the PRC have an estimated 30 percent spare capacity.

6.2 Significant increase of allegedly dumped imports into the SACU market

The Applicant stated that:

- There has been increases in the volume of the dumped imports from the PRC over the POI, the fact remains that dumped imports from the PRC were still well below the other countries' prices and the SACU Manufacturers' unsuppressed selling prices, making it attractable for importers. Such attractiveness would be more profound, in the event that the SACU Manufacturers increase their selling prices to improve its commercial viability and thus it can be expected that the import levels will increase even further.
- The PRC is the global export leader of tyres and although the value of the global export market decreased with 12.6% from 2019 to 2020, the PRC decreased with only 10.3 percent. In 2020, the PRC held the highest global dollar value worth of USD13.3 billion (19% of exported new rubber tyres). With existing ties to SACU that have been established over years, it would not require much effort for Chinese exporters to expand its SACU footprint.

6.3 Prices that will have a significant depressing or suppressing effect on SACU prices

The Applicant stated that:

- Price suppression already existed over the period 2019 to 2021 regarding the Subject Products. Although price depression was not experienced for all of the Subject Products' categories, it is a reality that the SACU Industry's selling prices for the Subject Products were still well below the levels what it should have been in 2019, 2020 and 2021, in order to recover costs increases.
- The dumped imports from the PRC have prevented any further increases as these would have resulted in even higher negative growth margins and greater market share losses than what the SACU Industry has experienced, as it would have allowed for the PRC to increase its import volumes due to a higher price undercutting margin. Accordingly, a real threat exists that the SACU Manufacturer's material injury will still continue, with ongoing pressure being exerted on the respective manufacturing facilities. Should there not be relief granted by addressing the dumped imports from the PRC with the imposition of dumping duties, employment stability will be severely threatened as well.

6.4 Exporters' inventories

The Applicant stated that that there exist inventories to service new export or domestic orders based on the interaction when searching for normal values in the PRC. However, the Applicant is not aware of the inventory volume.

6.5 State of the economy of the country of origin/export and its influence on the operations of the manufacturers/exporters.

The Applicant provided the following information with regards to the state of the economy in the People's Republic of China:

- The economy of the PRC, described as socialism with Chinese characteristics since the 12th National Congress of the Communist Party of the PRC in 1982, is a mixed socialist market economy, which is composed of State-Owned Enterprises ("SOE's") and domestic and foreign private businesses and uses economic planning. The income generated by state-owned enterprises accounted for about 40 percent of

PRC's Gross Domestic Product ("GDP") of USD14.4 trillion in 2019, with domestic and foreign private businesses and investment accounting for the remaining 60 percent.

As of the end of 2019, the total assets of all the PRC's SOE's, including those operating in the financial sector, reached USD78.08 trillion. Ninety-one (91) of these SOE's belong to the 2020 Fortune Global 500 companies. Direct foreign investment in the PRC, which totalled about USD1.6 trillion as of the end of October 2016, directly and indirectly contributed about one-third of the PRC's GDP and a quarter of jobs there.

As of the end of June 2020, Foreign Direct Investment ("FDI") stock in the PRC reached USD2.947 trillion, and the PRC's outgoing FDI stock stood at USD2.128 trillion. Total foreign financial assets owned by the PRC reached USD7.860 trillion, and its foreign financial liabilities USD5.716 trillion, making the PRC the second largest creditor nation after Japan in the world. Currently the second largest economy in the world by nominal GDP, an official forecast has stated that the PRC is set to overtake the United States as the world's biggest economy by 2028, half a decade sooner than expected.

- The government began its economic reforms in 1978 under the leadership of Deng Xiaoping. The PRC has four of the top ten most competitive financial centres (Shanghai, Hong Kong, Beijing, and Shenzhen) in the 2020 Global Financial Centres Percentage, more than any other country. The PRC has three out of the ten world's largest stock exchanges—Shanghai, Hong Kong and Shenzhen by market capitalization and trade volume. As of October 12, 2020, the total market capitalization of Mainland Chinese stock markets, consisting of the Shanghai Stock Exchange and Shenzhen Stock Exchange, topped USD10 trillion, excluding the Hong Kong Stock Exchange, with about USD5.9 trillion. As of the end of June 2020, foreign investors had bought a total of USD440 billion in Chinese stocks, representing about 2.9 percent of the total value, and indicating that foreign investors scooped up a total of USD156.6 billion in the stocks just in the first half of 2020.
- The total value of the PRC's bond market topped USD15.4 trillion, ranked above that of Japan and the U.K., and second only to that of the U.S. with USD40 trillion, as of the beginning of September 2020. As of the end of September 2020, foreign

holdings of Chinese bonds reached USD388 billion, or 2.5 percent, of the total value, notwithstanding an increase by 44.66 percent year on year.

- According to the 2019 Global Wealth Report by Credit Suisse Group, the PRC surpassed the US in the wealth of the top 10 percent of the world's population: the PRC had 100 million wealthy people (each owning a net wealth of over USD110,000) and the US 99 million. At USD 63.8 trillion as of end of 2019, representing a 17-fold increase from USD3.7 trillion in 2001, the total amount of PRC's household wealth stood behind only that of the US with USD105.6 trillion. The economy, as of 2019, ranked as the second largest in the world by nominal GDP and as of 2017 the largest in the world by purchasing power parity. The PRC has the world's fastest-growing major economy, with growth rates averaging 10 percent over 30 years.
- As of 2019, the PRC's public sector accounted for 63 percent of total employment. According to the IMF, on a per capita income basis, the PRC ranked 73rd by GDP (Purchasing Power Parity) per capita in 2019. The PRC's GDP was USD14.4 trillion (99 trillion Yuan) in 2019. The country has natural resources with an estimated worth of USD23 trillion, 90 percent of which are coal and rare earth metals. The PRC also has the world's largest total banking sector assets of around USD45.838 trillion (309.41 trillion CNY) with USD42.063 trillion in total deposits and other liabilities. It has the second largest inward foreign direct investment at USD141 billion in 2019 alone, and the second largest outward foreign direct investment, at USD136.91 billion for 2019 alone, following Japan at USD226.65 billion for the same period. As of 2020, the PRC is home to the largest companies in the Fortune Global 500 and 129 are headquartered in the PRC. It has the world's largest foreign exchange reserves worth USD3.1 trillion, but if the foreign assets of the PRC's state-owned commercial banks are included, the value of the PRC's reserves rises to nearly USD4 trillion.
- Currently, the PRC is the world's largest manufacturing economy and exporter of goods. It is also the world's fastest-growing consumer market and second-largest importer of goods. The PRC is a net importer of services products. It is the largest trading nation in the world and plays a prominent role in international trade and has increasingly engaged in trade organizations and treaties in recent years. The PRC became a member of the World Trade Organization in 2001. It also has free trade agreements with several nations, including ASEAN, Australia, New Zealand,

Pakistan, South Korea, and Switzerland. The provinces in the coastal regions of the PRC tend to be more industrialized while regions in the hinterland are less developed. As the PRC's economic importance has grown, so has attention to the structure and health of the economy.

- The PRC 's largest trading partners are the US, EU, Japan, Hong Kong, South Korea, India, Taiwan, Australia, Vietnam and Brazil. With 778 million workers, the Chinese labour force is the world's largest as of 2020. It ranks 31st on the Ease of doing business percentage and 28th on the Global Competitiveness Report. The PRC ranks 14th on the Global Innovation Percentage and is the only middle-income economy, the only newly industrialized economy, and the only emerging country in the top 30. By the end of July 2020, the PRC's 5G users had already surpassed 88 million, accounting for over 80 percent of users worldwide—far ahead of the previously projected 70 percent share for the whole of 2020. By the end of this year, the number of 5G base stations in the PRC is expected to reach nearly one million, by far the biggest tally globally.

Comments by interested parties on the preliminary report

The Applicant stated that domestic demand for tyres in the PRC is set to grow over 6% whilst exports are set to grow by 2%. The Applicant concedes that domestic demand in the PRC will increase at a faster rate than export demand. This does not support the argument that there is freely disposable capacity in the PRC.

Commissions' considerations

The anticipated increase in exports, albeit 2% is likely to pose a threat in those markets where the Chinese exporters already have a footprint, including SACU.

Based on the information above, the Commission made a final determination that a threat of material injury to the SACU industry exists.

7. CAUSAL LINK

7.1 GENERAL

In order for the Commission to impose definitive anti-dumping duties, it must be satisfied that there is sufficient evidence to indicate that the material injury experienced by the SACU industry is as a result of the dumping of the subject products.

The following relevant factors are evaluated to establish whether there is a causal link between the dumped imports and material injury.

7.2 VOLUME OF IMPORTS AND MARKET SHARE

An indication of causality is the extent of the increase in volume of imports and the extent to which the market share of the domestic industry has decreased since the commencement of injury, with a corresponding increase in the market share of imports.

7.2.1 Import volumes

The following tables show the volume of the dumped imports of the subject products as sourced from SARS for the period 01 May 2018 to 31 July 2021. Imports from Xinghongyuan were excluded from the dumped and included in other imports.

Table 7.2.1(a): Total Import volumes - Tyres for motor cars

Units	2018/19	2019/20	2020/21
Dumped imports	2 600 387	2 494 829	3 230 061
Other imports	2 353 697	2 137 425	2 843 365
Total imports	4 954 084	4 632 254	6 073 426
Dumped imports as a % of total imports	52.49%	53.86%	53.18%
Other imports as a % of total imports	47.51%	46.14%	46.82%
Total imports	100.00%	100.00%	100.00%

Information in Table 7.2.1 (a) above shows that dumped imports of tyres for motor cars decreased by 4.06% from 2018/19 to 2019/20, increased by 29.47% from 2019/20 to 2020/21 and increased by 24.21% during the POI (after excluding imports from Xinghongyuan). Imports from other countries decreased by 9.19% from 2018/19 to 2019/20, increased by 33.03% from 2019/20 to 2020/21 and increased by 20.20% during the POI. It is evident that the dumped imports of tyres used on motor cars

increased and surpassed other imports and they account for sizeable percentage of total imports into the SACU market which has been sustained in the POI.

Table 7.2.1(b) Total Import volumes - Tyres for buses or lorries

Units	2018/19	2019/20	2020/21
Dumped imports	1 261 621	1 040 351	1 353 709
Other imports	851 288	743 143	828 843
Total imports	2 112 909	1 783 494	2 182 556
Dumped imports as a % of total imports	59.71%	58.33%	62.02%
Other imports as a % of total imports	40.29%	41.67%	37.98%
Total imports	100.00%	100.00%	100.00%

Information in Table 7.2.1 (b) above shows that the dumped imports of tyres for buses or lorries decreased by 17.54% from 2018/19 to 2019/20, increased by 30.12% from 2019/20 to 2020/21 and increased by 7.30% during the POI (after excluding imports from Xinghongyuan). Imports from other countries decreased by 12.70% from 2018/19 to 2019/20, further decreased by 11.53% from 2019/20 to 2020/21 and decreased by 2.64% during the POI. It is evident that the dumped imports of tyres used on buses or lorries increased and surpassed other imports and they account for sizeable percentage of total imports into the SACU market, which has been sustained in the POI.

Table 7.2.1 (c): Total import volumes – Combined subject Products (Tyres for buses or lorries & for motor cars)

Tyre	2018/19	2019/20	2020/21
Dumped imports	3 862 008	3 535 180	4 583 770
Other imports	3 204 985	2 880 568	3 672 212
Total imports	7 066 993	6 415 748	8 255 982
Dumped imports as a % of total imports	54.65%	55.10%	55.52%
Other imports as a % of total imports	45.35%	44.90%	44.48%
Total imports	100.00%	100.00%	100.00%

Information in Table 7.2.1 (c) above shows that the combined dumped imports decreased by 8.46% from 2018/19 to 2019/20, increased by 29.66% from 2019/20 to 2020/21 and increased by 18.69% during the POI (after excluding imports from Xinghongyuan). Imports from other countries decreased by 10.12% from 2018/19 to 2019/20, increased by 27.48% from 2019/20 to 2020/21 and increased by 14.58% during the POI. Overall, the dumped imports increased and surpassed the other

imports and they therefore account for a sizeable percentage of total imports into the SACU market, which has been sustained in the POI.

7.2.2 Applicant's own Imports

The following tables show the Applicant's own imports for each tariff-subheading which is the subject of this investigation:

Table 7.2.2: Own Imports

	2018/19	2019/20	2020/21
Own imports of Motor Cars			
HS 4011.10.01			
PRC	100	100	0
Other countries	100	258	705
Total	100	241	629
HS 4011.10.03			
PRC	100	100	19
Other countries	100	192	341
Total	100	186	319
HS 4011.10.05			
PRC	100	100	3
Other countries	100	121	178
Total	100	120	175
HS 4011.10.07			
PRC	100	100	44
Other countries	100	88	132
Total	100	88	130
HS 4011.10.09			
PRC	100	100	144
Other countries	100	90	156
Total	100	91	156
Own imports for Buses or Lorries			
HS 4011.20.16			
PRC	100	100	100
Other countries	100	90	270
Total	100	91	262

HS 4011.20.18			
PRC	100	83	114
Other countries	100	97	162
Total	100	92	147
HS 4011.20.26			
PRC	100	17	27
Other countries	100	88	63
Total	100	66	52
Total own imports for Motor Cars			
PRC	100	100	38
Other countries	100	102	168
Total	100	102	167
Total own imports for Buses or Lorries			
PRC	100	38	54
Other countries	100	91	110
Total	100	75	94
Combined subject products			
PRC	100	43	52
Other countries	100	99	153
Total	100	93	143

The figures were indexed due to confidentiality using 2018/19 as a base year.

To assess whether the Applicant's own imports caused its own material injury, the Applicant's import volumes which are indicated in table 7.2.2 above, were deducted from the PRC import volumes in the each of the respective tariff subheadings where applicable and it was found that:

- The Commission considered that the Applicant's own imports for tyres used on motor cars from the PRC decreased by 62 index points over the POI and those from other countries increased by 68 index points over the same period resulting in an increase in total own imports. The Applicant is not a major importer of these products and own imports accounted for an insignificant percentage relative to total imports from the PRC in each specific year. The dumped imports still account for a significant share of total imports even when the Applicant's own imports from China are excluded.

- The Commission considered that the Applicant’s own imports for tyres used on buses and lorries from the PRC decreased by 46 index points over the POI, and those from other countries increased by 10 index points over the same period, resulting in an increase in total own imports. The Applicant is not a major importer of these products and own imports accounted for an insignificant percentage relative to total imports from the PRC in each specific year. The dumped imports still account for a significant share of total imports even when the Applicant’s own imports from China are excluded.
- The Commission considered that overall, the Applicant’s total own imports of the subject product from the PRC declined by 48 index points over the POI and those from other countries increased by 53 index points over the same period resulting in an increase in total own imports. The Applicant is not a major importer of the subject product, either from the PRC or with regards to total imports and own imports from the PRC are very low. The dumped imports still account for a sizeable percentage of total imports to SACU even when the Applicant’s own imports from the PRC are excluded. Therefore the allegation by interested parties that the Applicant is a major importer has no basis.

7.2.3 Market share

The following table gives a breakdown of market share for the subject products based on sales and import volumes:

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	89	81
Dumped imports as a % of total market	100	118	127
Other Imports’ market share as a % of total market	100	112	123

Table 7.2.3 (a): Total Market share - Tyres for motor cars

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 7.2.3 (a) above indicates that the Applicant’s market share of tyres for motor cars decreased by 11 index points from 2018/19 to 2019/20, further decreased by 8 index points from 2019/20 to 2020/21 and decreased by 19 index points during the POI. The dumped imports market share increased by 18 index points from 2018/19 to 2019/20, further increased by 9 index points from 2019/20 to 2020/21 and

increased by 27 points during the POI. Other imports market share increased by 12 index points from 2018/19 to 2019/20, increased by 11 index points from 2019/20 to 2020/21 and increased by 23 index points during the POI.

Table 7.2.3 (b): Total Market share - Tyres for buses or lorries

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	107	108
Dumped imports as a % of total market	100	95	101
Other Imports' market share as a % of total market	100	100	91

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 7.2.3 (b) above indicates that the Applicant's market share of tyres for busses or lorries increased by 7 index points from 2018/19 to 2019/20, further increased by 1 index point from 2019/20 to 2020/21 and increased by 8 index points during the POI. The dumped imports market share decreased by 5 index points from 2018/19 to 2019/20, increased by 6 index points from 2019/20 to 2020/21 and increased by 1 index point during the POI. Other imports market share remained constant from 2018/19 to 2019/20, decreased by 9 index points from 2019/20 to 2020/21 and decreased by 9 index points during the POI.

Table 7.2.3 (k): Total Market share: Combined subject products (Tyres for motor cars & for buses or lorries)

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	90	84
Dumped imports as a % of total market	100	111	134
Other Imports' market share as a % of total market	100	109	98

The figures were indexed due to confidentiality using 2018/19 as a base year.

Information in table 7.2.3 (c) above indicates that the Applicant's market share of the subject products decreased by 10 index points from 2018/19 to 2019/20, further decreased by 6 index points from 2019/20 to 2020/21 and decreased by 16 index points during the POI. The dumped imports market share increased by 11 index points from 2018/19 to 2019/20, further increased by 8 index points from 2019/20 to 2020/21 and increased by 19 index points during the POI. Other imports market share increased by 9 index points from 2018/19 to 2019/20, increased by 6 index points from 2019/20 to 2020/21 and increased by 15 index points during the POI.

The Applicant stated that the SACU industry's market share loss is as a result of an increase in the dumped imports from the PRC causing the SACU Industry to suffer material injury.

Commission's consideration

The Commission considered that the dumped imports market share constitutes a significant portion of imports, and if not addressed, they will dominate the SACU market at the expense of the SACU industry. It was also noted that the verified sales volumes of the Applicant exclude imports from the PRC and other countries.

7.3 EFFECT OF DUMPED IMPORTS ON PRICES

It has already been shown in section 5 of this report that the Applicant experienced suppression.

7.4 CONSEQUENT IMPACT OF DUMPED IMPORTS

Table 7.4: Material Injury Indicators

	Analysis (2018/19 – 2020/21)
Price depression	Negative
Price undercutting	Negative
Price suppression	Positive
Sales volume and values	Decreased
Profits (R)	Increased
Output (kg)	Decreased
Capacity utilisation	Decreased
Market share (Applicant)	Decreased
Productivity (kg)	Decreased
Return on investment	Increased
Employment	Decreased
Applicant's Growth	Decreased
Inventories (R)	Decreased

7.5 FACTORS OTHER THAN THE DUMPING CAUSING INJURY

Table 7.5: Examination of causality under Article 3.5 of the WTO Anti-Dumping Agreement

Tariff subheading	Subject product	2018/19	2019/20	2020/21	% Change 2018-2021
FOB prices for imports not sold at dumped prices (R)					
HS 4011.10.01	Rim size not exceeding 33cm (13 inches)	349.35	309.94	276.74	-20.78%
HS 4011.10.03	Rim size of 35 cm (14 inches)	302.13	287.74	274.12	-0.09%
HS 4011.10.05	Rim size of 38 cm (15 inches)	394.54	404.71	341.65	-0.13%
HS 4011.10.07	Rim size of 41 cm (16 inches)	593.06	571.68	543.42	-0.08%
HS 4011.10.09	Rim size of 43 cm (17 inches) or more	1 085.50	1 019.19	1016.09	-6.39%
HS 4011.20.16	Rim size not exceeding 35 cm (14 inches)	628.76	617.86	538.27	-14.39%
HS 4011.20.18	Rim size of 38 cm (15 inches) or more	1 009.49	1 022.84	901.91	-10.66%
HS 4011.20.26	Rim size exceeding 51 cm (20 inches)	2 829.14	2 853.93	2926.10	3.43%
Total Tyres for motor cars		849.32	785.86	708.01	-16.64%
Total Tyres for buses and lorries		1 743.51	1 635.61	1388.06	-20.39%
Combined Subject Products		1 086.83	1 005.08	861.50	-20.73%
Volume of imports not sold at dumped prices					
HS 4011.10.01	Rim size not exceeding 33cm (13 inches)	45 174	55 999	106 802	136.42%
HS 4011.10.03	Rim size of 35 cm (14 inches)	128 628	142 277	292 287	127.23%
HS 4011.10.05	Rim size of 38 cm (15 inches)	331 518	306 320	541 731	63.41%
HS 4011.10.07	Rim size of 41 cm (16 inches)	391 522	372 505	454 436	16.07%
HS 4011.10.09	Rim size of 43 cm (17 inches) or more	1 456 855	1 260 324	1 448 110	-0.60%
HS 4011.20.16	Rim size not exceeding 35 cm (14 inches)	116 400	106 764	126 085	8.32%
HS 4011.20.18	Rim size of 38 cm (15 inches) or more	367 136	364 081	481 046	31.03%
HS 4011.20.26	Rim size exceeding 51 cm (20 inches)	367 752	272 298	221 716	-39.71%
Total Motor Cars		2 353 697	2 137 425	2 843 366	20.80%
Total Buses and Lorries		851 288	743 143	828 847	-2.64%
Combined Subject Products		3 204 985	2 880 568	3 672 213	14.58%

Changes in demand and patterns of consumption	<p>The Commission considered that the Applicant indicated that because of the COVID-19 impact and the declining South African economy, the total market size for the subject products combined experienced a decreasing trend for the POI, with the 2021 level increasing, following the decrease in 2020 from 2019.</p> <p>The Applicant further indicated that the SACU industry sales, as well as the other countries' imports, declined during the POI, whilst the import volume from the PRC increased over this period. However, was it not for the dumped Chinese product in the SACU market, the SACU Manufacturers would not have lost sales to the dumped products, even in a declining market and therefore the declining market did not detract from the injury that the SACU Industry is experiencing.</p>
Trade restrictive practices of foreign and domestic producers	<p>The Commission considered that the Applicant stated that authorities in European Union ("EU") and the United States of America ("USA") in recent sunset review investigations found merit in keeping Anti-Dumping duties against tyre imports from the PRC in place for further 5-year periods.</p> <p>The Applicant further stated that the EU in October 2018 extended the duties on truck and bus radial tyres, with duties ranging EUR42.73 and EUR61.76 per tyre. In November 2020, the USA extended Anti-Dumping duties that were imposed in 2015 on passenger and light truck tyres, following its findings that the revocation of the duties would lead to a continuation or recurrence of dumping at a weighted average dumping of 87.99 percent. In addition to the Anti-Dumping duties, the USA has countervailing duties against tyre imports from the PRC in place, ranging between 20.73 and 116.73 percent.</p>
Developments in technology	<p>The Commission considered that the Applicant stated that there were no known recent developments in technology that would place it at a disadvantage.</p>
Export performance of the domestic industry	<p>The Commission considered that the Applicant is primarily focusing on supplying the domestic market but does export. Exports remained stable for the POI, with the 2019 and 2021 volumes varying less than a 0.5 per cent.</p>
Productivity of the domestic industry	<p>The Commission considered that the Applicant stated that productivity compares favorably with its competitors. However, as a result of the dumped imports, the productivity of the Applicant is affected as these imports impact on the production of the SACU manufacturers.</p>
Indicate any other factors affecting the SACU prices	<p>The Applicant stated that it is unaware of other factors affecting SACU prices.</p>
Strikes, go-slows or lockouts during the past twelve calendar months	<p>The Commission considered that:</p> <ul style="list-style-type: none"> • Bridgestone and Continental did not experience any labour actions that impacted negatively on production during this period;

	<ul style="list-style-type: none"> • Goodyear manufacturing associates embarked on an illegal strike during March 2021, which lasted 3 weeks; and • There was a strike at Sumitomo from 10 February to 27 February 2021, in relation to a shift pattern change and the matter was resolved.
Changes in the exchange rates	The Commission considered that the Applicant stated that the exchange rate does impact on SACU manufacturers' production cost and selling price as certain raw materials sourced locally or imported are linked to commodity pricing benchmarks. As a result, the exchange rate fluctuation will impact on the production cost, selling price as well as the imported products price.

Information in Table 7.5 above indicates that the prices of imports from other countries for all the tariff sub-headings which are the subject of this investigation with the exception of HS4011.20.26 were on a decreasing trend year on year as well as over the POI with decreases ranging between 6 to 21 percent. Whereas the prices of the dumped imports showed both increasing and decreasing trends across the various tariff sub-headings.

Although the rate of decrease of the prices of imports from other countries was higher than that of the dumped imports in certain tariff subheadings, the dumped import prices were consistently lower than the Applicant's prices as well as the prices of imports from other countries. Therefore, the decreases and increases in prices of the dumped imports resulted in the dumping of the subject products due to their base being so low. The prices of the dumped imports of motor cars averaged R300 per unit whereas those for import prices from other countries averaged R800 and for buses they averaged between R1000 and R1600 respectively.

Comments from interested parties to the preliminary report

The following factors were cited to have contributed to material injury experienced by the SACU industry:

- (i) A decline in consumption due to COVID-19, affected the transport industries which use the subject product. These industries were amongst the hardest hit industries as there was a substantial decrease in traffic volumes;
- (ii) Looting and riots in KwaZulu-Natal (KZN);
- (iii) Price Fixing by SACU manufacturers;

- (iv) It is suspected that the application was filed to defend the Applicant's own monopoly position;
- (v) Information in the preliminary report indicates that the Applicant's own imports for tyres used on motor cars increased by 67%, whilst total own imports increased by 7.31%;
- (vi) No explanation is given why Goodyear and Continental refuse to buy from other SACU producers the truck and bus tyres which they do not manufacture;
- (vii) Undumped products available in SACU;
- (viii) Decline in the Applicant's exports;
- (ix) Increase in raw material costs;
- (x) Imports of second hand tyres;
- (xi) Closure of Bridgestone plant as a result of growing trend in the production and the use of radial tyres globally; and
- (xii) Profitability had been significantly reduced in 2019, as a result of the introduction of an environmental levy, earmarked for recycling on new pneumatic tyres.

Comments from the Applicant

- (i) The dumped import volumes from China were affected over the period March and June 2020, due to the COVID-19 restrictions, during this period the volumes of some of the categories were lower in comparison to the other months;
- (ii) The riots occurred in July 2021, which is the last month of the POI. Although these riots did have a short-lived disruptive influence on the SACU industry's sales volumes, as a result of the impact thereof on storage facilities, no production facilities were damaged during the incidence. In addition, production continued, and adequate inventory was readily available to provide the SACU consumer's demand, when normal trade activities resumed. The decreasing sales volumes trends that occurred from June 2021 to July 2021, would have transpired, irrespective of the two-week impact of the riots in July 2021, as the SACU industry was already under pressure from the dumped imports from China. To substantiate that the material injury that the SACU industry suffered regarding sales volumes in the period August 2020 to July 2021 cannot be solely attributed to the riots, the SATMC has taken the 11-month normal trade sales volumes over the period

August 2020 to June 2021 and calculated the average monthly sales volumes. The calculated average monthly sales volumes were then allocated to the July 2021 period, to exclude the effect of the riots and present a more realistic scenario of a 12-month trade period;

- (iii) Material injury data supplied relates only to the material injury experienced on the SACU market and does not contain export related data;
- (iv) It is important to note that if the dumped products from China were not in the SACU market, the SACU industry would have been able to recover their raw material cost increases;
- (v) This allegation on the closing of Bridgestone factory does not quote the whole statement issued by the company which also indicated that the effects of a shrinking economy and an influx of cheap imports compounded by rapid changes in the tyre industry has prompted Bridgestone to restructure its operations; and
- (vi) The environmental levy on tyres at a rate of R2.30 per kilogram (“kg”) as per Schedule 1 Part 3 Section E to the Customs and Excise Act, No. 91 of 1964 (as amended) came into effect in February 2017 on imported and locally manufactured tyres. It did not have an effect on the profit of the SACU industry, especially over the POI. The environmental levy is not new to the SATMC members and is factored in as part of the SATMC members’ total cost and recovered since 2017 and not 2019.

Commission’s consideration

- (i) The Commission took note of the impact of COVID-19 on the transport industry, however when there were COVID-19 restrictions in 2020, the SACU industry experienced a decline in sales volume and all imports including the dumped imports also declined. However, the dumped imports were not significantly affected as they declined by 8% whilst the SACU industry sales volumes declined by 26 index points which indicates that the COVID-19 restrictions had a minimal impact on the dumped imports when compared to SACU industry sales volumes. The restrictions were for 3-4 months, which affected the entire global supply chain for longer periods, and left backlogs in shipping and clearing goods, however, these did not deter the dumped imports. After COVID-19 restrictions in 2021, the SACU industry sales volume and all imports including the dumped imports increased. The dumped imports

increased by a higher percentage of 30% when compared to undumped imports which increased by 27% and the SACU industry sales volumes increased by 9 index points in the same period.

Over the POI, the SACU industry sales volumes declined by 17 index points whilst the dumped imports and other imports increased by 19% and 15% respectively. It is evident that the dumped imports were prevalent before COVID-19 restrictions however after COVID restrictions they increased to reach higher levels and now account for a significant share of imports to the SACU market. This occurred when PRC had stricter COVID restrictions than any other country. These imports enter the market at lower FOB prices when compared to the average FOB prices of other imports from other markets. Even though it is raised that the impact of COVID is still being felt today, the focus of this investigation is the impact of imports in the period from 01 August 2018 to 31 July 2021;

- (ii) Looting and riots occurred from 9 to 17 July 2021 which is over 9 days and were mainly confined to KZN and Gauteng provinces. The epicenter of these riots was in Durban (KZN) and none of the manufacturers which provided material injury information has production plants in Durban;
- (iii) The Competition Commission investigated the alleged price fixing which occurred around 1999 to 2007 and this is not the period which was the focus of this investigation. Furthermore, the Commission does not have a mandate to investigate price-fixing allegations as it is within the ambit of the Competition Commission;
- (iv) The Applicant provided *prima facie* information which indicated that there was dumping of the subject product and as a result the SACU industry is experienced material injury and a threat of material injury. An anti-dumping investigation envisages leveling the playing field between the dumped imported products and the SACU produced products and not to create and/or defend a monopoly. The monopoly allegations are investigated by the Competition Commission;
- (v) The Applicant's own imports for tyres used on motor cars which originate from the PRC decreased over the POI to account for an insignificant percentage. Imports for tyres used on buses or lorries decreased over the same period and

the Applicant is not a major importer of these products. Therefore, to allude that the Applicant's own imports increased and are the cause of material injury is not substantiated. Imports from other countries are not dumped and it is not only the Applicant that imports from other countries. Furthermore, dumped imports from the PRC surpass un-dumped imports to the SACU market and are also displacing them.

- (vi) There is no requirement that the producers in the SACU industry have to sell amongst each other. It should be noted that these are independent companies even though they are part of one association, and they also produce different tyres using their own intellectual property;
- (vii) All tyre imports including dumped imports increased over the POI. However, the dumped imports surpassed other imports and accounted for a sizeable portion of imports to the SACU market;
- (viii) Exports declined by a lower percentage over the POI, which is considered insignificant noting that the Applicant's primary focus is supplying the SACU market;
- (ix) The price of commodities such as crude oil, rubber and steel which are mainly used as raw materials in the manufacturing of tyres increased in 2021 and this increase did not only affect SACU manufacturers, the Chinese producers were also affected since these are globally traded commodities;
- (x) Imports of used pneumatic tyres of rubber are regulated and decreased over the POI;
- (xi) Bridgestone has a production plant situated in Brits which is fully operational; and
- (xii) The environmental levy replaced a levy which was previously collected by Recycling and Economic Development Initiative of South Africa ("REDISA") and is applicable to SACU producers and importers. It is noted that this change may not have had a huge impact on the industry as it was already factored in the cost of production of these tyres as part of a previous levy by REDISA.

Comments by interested parties to the essential facts letter

- (i) There are significant imports of the subject product from other countries in many of the tariff subheadings and in some cases the volume of imports exceeded the volume of imports from the PRC.

- (ii) When looked at the 8-digit level, it is quite clear that some of the prices of the subject product under each of the subheadings from other countries were decreasing at a faster rate than the rate of decrease of prices of those products from the PRC. This is also reflected at the 6-digit level (motor cars) where the rate of decrease of the prices for motor cars from other countries is greater than the rate of decrease of prices from the PRC. Given that imports from other countries were substantial and, in some cases, exceeded the imports from the PRC, this demonstrates that they were at a major contributing cause of the injury suffered by the Applicant. It also shows that there is no threat of injury.

Commission's consideration

- (i) Import volumes from other countries exceeded dumped imports in HS 4011.10.07 and HS 4011.10.09 which are for tyres used on motor cars. Dumped imports for both tariff subheadings are above the negligibility level and they increased relative to production over the POI as shown by information in table 5.3.3 of this report.
- (ii) FOB prices of imports from other countries over the POI, decreased at a higher rate when compared to the PRC, except for the FOB price in HS 4011.10.01, 4011.10.05 and 4011.20.16, however the dumped imports in these tariff subheadings surpass imports from other countries.

Summary of causality

The industry is unable to sell more volumes as it has to compete with dumped imports. The Applicant increased its selling prices but is not able to fully recover its costs of production. The FOB prices of the dumped imports when compared to the available undumped imports are lower in 2020/21. The dumped imports gained market share whilst the SACU industry lost market share and it is unable to produce at full capacity. The reduction in production has led to a reduction in the number of employees. If this trend continues it has the potential of further affecting the SACU industry negatively.

Own imports from the PRC were very low, and therefore not sufficient to detract from causality, while also the impact of COVID-19 affected both the Applicant and the dumped imports, the Applicant's recovery was below pre-COVID-19 levels, while the

dumped imports increased to pre-COVID-19 levels, gaining market share at the expense of the Applicant.

Based on the information above, the Commission made a final determination that there is a causal link between the dumped imports and material injury and a threat of material injury experienced by the SACU industry. The other known factors do not sufficiently detract from causal link.

8. SUMMARY OF FINDINGS

8.1 Dumping

The Commission made a final determination that the dumping (excluding those produced and exported by Shandong Xinghongyuan Tyre Co., Ltd.) of the subject products (classifiable under tariff sub-headings HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, HS 4011.10.09, HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26) originating in or imported from the PRC is taking place.

The weighted average dumping margin when expressed as a percentage of the ex-factory export price were calculated as follows:

Table 8.1 Anti-dumping margins

Producer/Exporter	Margin of dumping when expressed as a % of the ex-factory export price
Shouguang Firemax Tyre Co., Ltd.	7.34%
Shandong Xinghongyuan Tyre Co., Ltd.	1.41%
Shandong Haohua Tire Co., Ltd.	10.48%
Shandong Habilead Rubber Co., Ltd.	8.22%
Shandong Changfeng Tyres Co., Ltd.	18.96%
Shandong Yongfeng Tyres Co., Ltd.	
Shandong Mirage Tyres Co., Ltd.	
Shandong Shuangwang Rubber Co., Ltd.	12.66%
Sailun Group Co., Ltd.	44.02%
Sailun (Dongying) Tire Co., Ltd.	
Sailun (Shenyang) Tire Co., Ltd.	
Weifang Shunfuchang Rubber and Plastic Products Co., Ltd.	
Weifang Yuelong Rubber Co., Ltd.	
Prinx Chengshan (Shandong) Tire Company Ltd.	
Double Coin Group (Jiangsu) Tyre Co., Ltd.	
Double Coin Tyre Group (Shanghai) Imp & Exp Co., Ltd.	
Shanghai Double Coin Tyre Sales Co., Ltd.	
Wanli Tire Corporation Limited	
Wanli Group Trade Limited	
Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.	
Anhui Jichi Tire Co., Ltd.	
Shandong Yongsheng Rubber Group Co., Ltd.	
Shandong Yousheng Tyre Co., Ltd.	
Zhongyi Rubber Co., Ltd.	
Aeolus Tyre Co., Ltd.	

Aeolus Tyre (Taiyuan) Co., Ltd.	15.03%
Qingdao Fullrun Tyre Corp., Ltd.	
Zhaoqing Junhong Co., Ltd.	
Nanjing Kumho Tire Co., Ltd.	
Qingdao Nexen Tire Corporation	
Shandong Wanda Boto Tyre Co., Ltd.	
Triangle Tyre Co., Ltd.	
Qingdao Sentury Tire Co. Ltd.	
Kumho Tire(Tianjin) Co., Inc	
Zhongce Rubber Group Co., Ltd.	
Qingzhou Detail International Trading Co., Ltd.	
Shandong Gallop Rubber Co., Ltd.	
Wuchan Zhongda Chemical Group Co., Ltd.	
Navigator Rubber Co., Ltd.	
Guangrao Taihua International Trade Co., Ltd.	
Weifang Goldshield Tire Co., Ltd.	
Weifang Huadong Rubber Co., Ltd.	
Shandong New Continent Tire Co., Ltd.	
Shandong Fengyuan Tire Manufacturing Co., Ltd.	
Qingdao Doublestar Tire Industrial Co., Ltd.	
Shandong Hongsheng Rubber Technology Co., Ltd.	
Shandong Huasheng Rubber Co., Ltd.	
Chongqing Hankook Tire Co., Ltd.	
Hankook Tire China Co., Ltd.	
Jiangsu Hankook Tire Co., Ltd.	
Zhaoqing Junhong Co., Ltd.	
Shandong Jinyu Tire Co., Ltd.	
Zodo Tire Co., Ltd.	
Giti Radial Tire (Anhui) Co., Ltd.	
Giti Tire (Hualin) Company Ltd.	
Giti Tire (Fujian) Co., Ltd.	
Kumho Tire(Changchun) Co., Inc.	
ALL OTHER EXPORTERS	41.47%

8.2 Material Injury

The Commission found that the Applicant experienced material injury on volumes-based indicators and price indicators in the form of:

- Price suppression;
- Declining sales volume;
- Decrease in market share;
- Decline in output;
- Declining productivity;

- Declining employment;
- Declining utilisation of production capacity; and
- Slowdown in growth

Based on this information, the Commission made a final determination that the SACU industry experienced material injury.

8.3 Threat of Material Injury

The Commission made a final determination that a threat of material injury to the SACU industry exists.

8.4 Causal Link

The Commission made a final determination that there is a causal link between the dumped imports and material injury and threat of material injury experienced by the SACU industry and that these other known factors do not sufficiently detract from the causal link.

9. DEFINITIVE ANTI-DUMPING DUTIES

9.1 Calculation of the final anti-dumping duties

The Commission found that all the requirements for the imposition of definitive anti-dumping duties on the subject products have been fulfilled.

9.2 Lesser duty

Regulation 17 of the ADR provides that the Commission shall consider applying the lesser duty rule if both the corresponding importer and exporter have co-operated fully. The lesser duty rule means the provisional payment or the final anti-dumping duty is imposed at the lesser of the margin of dumping or margin of injury which is deemed to be sufficient to remove the injury caused by the dumped imports.

The lesser duty rule is determined by considering whether the anti-dumping duty when expressed as percentage of the FOB export price is less or greater than the price disadvantage when expressed as percentage of the FOB export price. The price disadvantage is the extent to which the price of the imported product (landed cost) is lower than the unsuppressed and undepressed ex-factory selling price of the SACU product

Responses of the ten producers/exporters which form part of the sample were found to be deficient with the exception of Firemax and Xinghongyuan. Xinghongyuan dumping margin is *de minimis* and therefore excluded from the payment of anti-dumping duties, consequently the lesser duty does not apply. Firemax corresponding importers also co-operated with the investigation and addressed all deficiencies.

The anti-dumping duty when expressed as percentage of the FOB export price was found to be less than the price disadvantage when expressed as percentage of the FOB export price. The Commission made a final determination to impose a definitive anti-dumping duty based on Firemax's information.

9.3 Definitive anti-dumping duties

The definitive anti-dumping duties were determined to be as follows:

Table 9.3 Definitive anti-dumping duties

The duties listed below are applicable on all the following tariff sub-headings: new pneumatic tyres of rubber of a kind used on motor cars - 4011.10.01, 4011.10.03, 4011.10.05, 4011.10.07, 4011.10.09 and on buses and lorries - 4011.20.16, 4011.20.18 and 4011.20.26.	
Producer/exporter	Definitive anti-dumping duties
Shouguang Firemax Tyre Co., Ltd.	7.18% <i>ad valorem</i>
Shandong Haohua Tire Co., Ltd.	9.79% <i>ad valorem</i>
Shandong Habilead Rubber Co., Ltd.	8.12% <i>ad valorem</i>
Shandong Changfeng Tyres Co., Ltd.	18.69% <i>ad valorem</i>
Shandong Yongfeng Tyres Co., Ltd.	
Shandong Mirage Tyres Co., Ltd.	
Shandong Shuangwang Rubber Co., Ltd.	12.09% <i>ad valorem</i>
Sailun Group Co., Ltd.	43.60% <i>ad valorem.</i>
Sailun (Dongying) Tire Co., Ltd.	
Sailun (Shenyang) Tire Co., Ltd.	
Weifang Shunfuchang Rubber and Plastic Products Co., Ltd.	14.56% <i>ad valorem</i>
Weifang Yuelong Rubber Co., Ltd.	
Prinx Chengshan (Shandong) Tire Company Ltd.	
Double Coin Group (Jiangsu) Tyre Co., Ltd.	
Double Coin Tyre Group (Shanghai) Imp & Exp Co., Ltd.	
Shanghai Double Coin Tyre Sales Co., Ltd.	
Wanli Tire Corporation Limited	
Wanli Group Trade Limited	
Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.	
Anhui Jichi Tire Co., Ltd.	
Shandong Yongsheng Rubber Group Co., Ltd.	
Shandong Yousheng Tyre Co., Ltd.	
Zhongyi Rubber Co., Ltd.	
Aeolus Tyre Co., Ltd.	
Aeolus Tyre (Taiyuan) Co., Ltd.	
Qingdao Fullrun Tyre Corp., Ltd.	
Zhaoqing Junhong Co., Ltd.	
Nanjing Kumho Tire Co., Ltd.	
Qingdao Nexen Tire Corporation	
Shandong Wanda Boto Tyre Co., Ltd.	
Triangle Tyre Co., Ltd.	
Qingdao Sentury Tire Co., Ltd.	
Kumho Tire(Tianjin) Co., Inc	
Zhongce Rubber Group Co., Ltd.	
Qingzhou Detail International Trading Co., Ltd.	

Shandong Gallop Rubber Co., Ltd.	
Wuchan Zhongda Chemical Group Co., Ltd.	
Navigator Rubber Co., Ltd.	
Guangrao Taihua International Trade Co., Ltd.	
Weifang Goldshield Tire Co., Ltd.	
Weifang Huadong Rubber Co., Ltd.	
Shandong New Continent Tire Co., Ltd.	
Shandong Fengyuan Tire Manufacturing Co., Ltd.	
Qingdao Doublestar Tire Industrial Co., Ltd.	
Shandong Hongsheng Rubber Technology Co., Ltd.	
Shandong Huasheng Rubber Co., Ltd.	
Chongqing Hankook Tire Co., Ltd.	
Hankook Tire China Co., Ltd.	
Jiangsu Hankook Tire Co., Ltd.	
Zhaoqing Junhong Co., Ltd.	
Shandong Jinyu Tire Co., Ltd.	
Zodo Tire Co., Ltd.	
Giti Radial Tire (Anhui) Company., Ltd.	
Giti Tire (Hualin) Company Ltd.	
Giti Tire (Fujian) Co., Ltd.	
Kumho Tire(Changchun) Co., Inc.	
All other producers/exporters (Excluding Shouguang Firemax Tyre Co., Ltd, Shandong Haohua Tire Co., Ltd, Shandong Habilead Rubber Co., Ltd, Shandong Changfeng Tyres Co., Ltd, Shandong Yongfeng Tyres Co., Ltd, Shandong Mirage Tyres Co., Ltd, Shandong Shuangwang Rubber Co., Ltd, Sailun Group Co., Ltd, Sailun (Dongying) Tire Co., Ltd, Sailun (Shenyang) Tire Co., Ltd, Weifang Shunfuchang Rubber and Plastic Products Co., Ltd, Weifang Yuelong Rubber Co., Ltd, Prinx Chengshan (Shandong) Tire Company Ltd, Double Coin Group (Jiangsu) Tyre Co., Ltd, Double Coin Tyre Group (Shanghai) Imp & Exp Co., Ltd, Shanghai Double Coin Tyre Sales Co., Ltd, Wanli Tire Corporation Limited, Wanli Group Trade Limited, Shaanxi Yanchang Petroleum Group Rubber Co., Ltd, Anhui Jichi Tire Co., Ltd, Shandong Yongsheng Rubber Group Co., Ltd, Shandong Yousheng Tyre Co., Ltd, Zhongyi Rubber Co., Ltd, Aeolus Tyre Co., Ltd, Aeolus Tyre (Taiyuan) Co., Ltd, Qingdao Fullrun Tyre Corp., Ltd, Zhaoqing Junhong Co., Ltd, Nanjing Kumho Tire Co., Ltd, Qingdao Nexen Tire Corporation, Shandong Wanda Boto Tyre Co., Ltd, Triangle Tyre Co., Ltd, Qingdao Sentury Tire Co., Ltd, Kumho Tire(Tianjin) Co., Inc, Zhongce Rubber Group Co., Ltd, Qingzhou Detail International Trading Co., Ltd, Shandong Gallop Rubber Co., Ltd, Wuchan Zhongda Chemical Group Co., Ltd, Navigator Rubber Co., Ltd, Guangrao Taihua International Trade Co., Ltd, Weifang Goldshield Tire Co., Ltd, Weifang Huadong Rubber Co., Ltd, Shandong New Continent Tire Co., Ltd, Shandong Fengyuan Tire Manufacturing Co., Ltd, Qingdao Doublestar Tire Industrial Co., Ltd, Shandong Hongsheng Rubber Technology Co., Ltd, Shandong Huasheng Rubber Co., Ltd, Chongqing Hankook Tire Co., Ltd, Hankook Tire China Co., Ltd, Jiangsu Hankook Tire Co., Ltd, Zhaoqing Junhong Co., Ltd, Shandong Jinyu Tire Co., Ltd, Zodo Tire Co., Ltd, Giti Radial Tire (Anhui) Company., Ltd, Giti Tire (Hualin) Company Ltd, Giti Tire (Fujian) Co., Ltd, Kumho Tire(Changchun) Co., Inc and Shandong Xinghongyuan Tyre Co., Ltd).	41.47% <i>ad valorem</i>

Comments by interested parties to the preliminary report

- (i) The imposition of duties will be detrimental to South Africa's economy and such a punitive tariff jeopardizes a legitimate industry sector that provides employment of South Africans.

- (ii) If duties are implemented it will drive up domestic price as well as the price of imported tyres.
- (iii) The trailer industry was not adequately considered by ITAC in its deliberations as to the impact of the provisional payment on the manufacture of trailers.
- (iv) Provisional payments were incorrectly imposed, the dumping margin as a percentage of the ex-factory price was used.
- (v) The provisional duties were imposed at a four-digit level, whilst the request was at an eight-digit level.
- (vi) The Commission should consider the public interest when determining to impose the dumping measure.

Commission's consideration

- (i) The purpose of an anti-dumping investigation is to level the playing field between the alleged dumped product and the SACU produced product to ensure fair trade. It is not to prohibit imports of the subject product or jeopardise any sector of the industry.
- (ii) The pricing policy of the respective producers is not solely dependent on the anti-dumping duties. Therefore, if the producers increase prices in the future, it cannot be entirely and/ or directly be due to anti-dumping duties.
- (iii) All interested parties were given an opportunity to submit any information which the Commission will need to consider in making its preliminary determination. In this instance, there were no questionnaire responses or comments which were received from the trailer industry which needed to be considered by the Commission prior the preliminary determination. Should the trailer industry be supplied by the Chinese producers that are dumping, the Commission does not have any leeway to consider the trailer industry, outside the dumping taking place from the PRC.
- (iv) The allegations by interested parties are without merit as the dumping margin as a percentage of the ex-factory export price was determined to be 39.10% and as a percentage of the FOB export price it was determined to be 38.33%, which was the rate of duty imposed as provisional payments.
- (v) The provisional payments were imposed at an eight-digit level for each tariff subheading which is under investigation.
- (vi) The ADR does not make a provision for the consideration of public interest.

Comments by interested parties to the essential facts letter

- (i) In the event that the Commission applies the lesser duty rule to an individual sampled producer/exporter, then this lesser duty should also be used in the calculation of the duty for those participating producers/exporters not selected to be part of the sample.
- (ii) The investigation should be terminated, but if it is not terminated, then any implementation of the duties should be paused for at least a year or until inflation has fallen back in line with the Reserve Bank's target range of 3% to 6%.

Commission's considerations

- (i) Those producers/exporters that were not selected as part of the sample were informed that they would receive the average weighted dumping margin. Therefore, it is evident that where a lesser duty is applied for any of the selected producers this was also applicable in the calculation of the weighted average dumping margin and duty of the other participating foreign producers/exporter. By virtue of this, the lesser duty was considered for all producers, after taking into consideration all requirements for the application of the lesser duty and considering the decision by the Commission to limit its investigation.
- (ii) The Commission does not have the mandate to consider other factors, outside of dumping, material injury and causality. The postponement of the duties and consideration of other factors may only be done by the Minister of DTIC.

10. FINAL DETERMINATION

The Commission made a final determination that:

- Dumping (excluding those produced and exported by Shandong Xinghongyuan Tyre Co., Ltd.) of new pneumatic tyres of rubber of a kind used on motor cars (classifiable under tariff subheadings HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, and HS 4011.10.09) and on buses or lorries (classifiable under tariff subheadings HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26) originating in or imported from the PRC is taking place,
- The SACU industry is experiencing material injury and a threat of material injury;
- There is a causal link between the dumped imports and the material injury and a threat of material injury experienced by the SACU industry.

The Commission therefore made a final determination to recommend to the Minister of Trade, Industry and Competition that definitive anti-dumping duties on imports of new pneumatic tyres of rubber of a kind used on motor cars (classifiable under tariff subheadings HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, and HS 4011.10.09) and on buses or lorries (classifiable under tariff subheadings HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26) originating in or imported from the PRC, be imposed as per table 9.3 of this report.

The Commission also recommended that the anti-dumping duties on imports of new pneumatic tyres of rubber of a kind used on motor cars (classifiable under tariff subheadings HS 4011.10.01, HS 4011.10.03, HS 4011.10.05, HS 4011.10.07, and HS 4011.10.09) and on buses or lorries (classifiable under tariff subheadings HS 4011.20.16, HS 4011.20.18, and HS 4011.20.26) be listed in the “rebate item” column in Schedule No. 2 to the Customs and Excise Act and therefore may not be imported under rebate of customs duty without payment of anti-dumping, countervailing and safeguard duties without a recommendation from ITAC.