

**Report No. 700**

**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: PRELIMINARY  
DETERMINATION**

The International Trade Administration Commission of South Africa herewith presents its  
**Report No.700: 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,  
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DETERMINATION**



**DUMISANI MBAMBO  
DEPUTY CHIEF COMMISSIONER**

**PRETORIA  
25/082022**

## **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: PRELIMINARY 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 or the Applicant), an industry body of the SACU industry, 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., that together constitute 100% of the domestic production of the subject products in the 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 threatening to cause 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 foreign manufacturer's/exporter's questionnaires to complete. Importers of the subject products in the SACU were also sent a non-confidential copy of the application, initiation notice and the importer's questionnaires to complete.

Questionnaire responses were received from 62 foreign producers/exporters in the PRC and 18 importers in SACU. Comments were received from an importers association in SACU as well as an industry association in the PRC. Due 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 foreign producers/exporters.

After considering responses and comments received from interested parties, the Commission 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, causing material injury and threatening to cause material injury to the SACU domestic industry. The Commission further decided to request the Commissioner of the South African Revenue Service (SARS) to impose provisional payments for a period of six months in order to protect the domestic industry while the investigation continues.

## **1. APPLICATION AND PROCEDURE**

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### **1.1 LEGAL FRAMEWORK**

This investigation is 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 the South African Tyre Manufacturing Conference (SATMC or the Applicant), an industry body of the SACU industry, on behalf of its members. The members of the SATMC are Bridgestone, Continental, Goodyear and Sumitomo that together constitute 100% of the domestic production of the subject products in the SACU.

### **1.3 DATE OF ACCEPTANCE OF APPLICATION**

The application was accepted by the Commission as being properly documented in accordance with ADR 21 on 25 January 2022. The trade representatives of the 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 threatening to cause 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;
- Declining sales volume;
- Decline in market share;
- Decline in output;
- Decline in productivity;

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

## **1.5 INVESTIGATION PROCESS**

The application was submitted on 24 November 2021. On 10 December 2021, a deficiency letter was sent to the Applicant. The Applicant addressed the deficiencies on 20 December 2021. On 7 January 2022, another deficiency letter was sent and the Applicant responded on 11 and 14 January 2022.

The financial information submitted by the Applicant was verified from 17 – 21 January 2022. Factory tours of Bridgestone, Goodyear and Continental were undertaken on 18 February 2022, 23 March 2022 and 24 March 2022 respectively.

The trade representatives of the countries concerned were notified of the Commission's receipt of a properly documented application, in terms of ADR 27.1.

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 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

## **1.6 INVESTIGATION PERIODS**

The investigation period for dumping is 01 August 2020 to 31 July 2021. The investigation period for material injury is 01 August 2018 to 31 July 2021.

## **1.7 PARTIES CONCERNED**

### **1.7.1 SACU industry**

The SACU industry consists of SATMC members which are Bridgestone, Continental, Goodyear, and Sumitomo that together constitute 100% of the SACU domestic

production of the subject products.

### **1.7.2 Foreign Manufacturers/Exporters**

Responses to the Commission's exporter questionnaire were received from the following foreign manufacturers/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 (Jiang Su) 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 Tech Corp., Ltd.;
- Shandong Shuangwang Rubber; Co., Ltd.;
- Shandong Hongde Trade Co., Ltd.;
- Zhaoqing Junhong Co., Ltd.;
- GITI Group of companies (GITI Radial Tire (Anhui) company Ltd., GITI Tire (Fujian) Company Ltd., GITI Tire (Hualin) Company Ltd., and GITI Tire Global Trading PTE. Ltd.);
- Kumho Group of Companies (Kumho Tire (Tianjin) Co., Inc, Nanjing Kumho Tire Co., Ltd, Kumho Tire(Changchun) Co., Inc and 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.;
- 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 Haohua Tire Co., Ltd.;
- Shandong New Continent Tire Co., Ltd.;
- Shandong Fengyuan Tire Manufacturing Co., Ltd.;
- Qingdao Double Star Co., Ltd.;
- Shandong Habilead Rubber Co., Ltd.;
- Shandong Hongsheng Rubber Technology Co., Ltd.;
- Shandong Huasheng Rubber Co., Ltd.;
- Sailun (Dongyin) 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.;
- Shangdong Changfeng Tyres Co., Ltd.;
- Shangdong Mirage Tyres Co., Ltd.;
- Zhaoqing Junhong Co., Ltd.;
- Shandong Shuangwang Rubber Co., Ltd.;
- Shandong Jinyu Tire Co., Ltd.; and
- Zodo Tire Co., Ltd.



The following exporters submitted their exporter's questionnaire response after the deadline date for 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.; and
- Saint Tour Tyre Co., Ltd.

It was found that Jining Shenzou Tyre Co., Ltd., and Jiaozuo Aeolus Tyre Co., Ltd.'s, extension requests were not in line with ADR 30.2 and their representation was not in accordance with ADR 4.1. The Commission determined not to take their information into account.

The representative of Tercelo Tire (Qingzhou) Co., Ltd., Dongying Navigator Rubber Technology Co., Ltd., Shandong New Hawk Tyre Co., Ltd., and Saint Tour Tyre Co., Ltd., 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 determined not to take their information into account.

**1.7.3** Due to the large number of responses, the Commission at its meeting of 12 April 2022 made a decision to limit its investigation (commonly referred to as sampling) to a reasonable number of exporters and importers in accordance with ADR 8.6 read together with ADR 8.7 and 8.8 and the sample be based on ADR 8.6 (a). Interested parties were notified and invited to make submissions/comments regarding the Commission's 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 (Dongyin) 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 Tyre Co., Ltd.

Interest 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. Furthermore, foreign producers/exporters were notified that the Commission will not consider any deficient responses for its preliminary determination in accordance with ADR 31.3. 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 subject to the weighted average margin of dumping established with respect to the sample of foreign producers/exporters.

There following foreign producers/exporters requested individual dumping margins:

- GITI Group of companies (GITI Radial Tire (Anhui) company Ltd., GITI Tire (Fujian) Company Ltd., GITI Tire (Hualin) Company Ltd., and GITI Tire Global Trading PTE. Ltd.);
- Kumho Group of Companies (Kumho Tire (Tianjin) Co., Inc, Nanjing Kumho Tire Co., Ltd, Kumho Tire(Changchun) Co., Inc and Kumho Tire Co., Inc).
- Hankook group of companies (Chongqing Hankook, Hankook Tire China and Jiangsu Hankook;
- Aeolus Tyre Co. Ltd.;
- Aeolus Tyre (Taiyuan) Co., Ltd.;
- New Continent Tire;

- Shandong Fengyuan Tire Manufacturing Co., Ltd;
- Shandong Cachland Tyres Co., Ltd; and
- Shandong Jinyu Tire 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. 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 made a preliminary determination not to determine individual dumping margins for foreign producers/exporters that were not part of the sample as it would be unduly burdensome and impracticable.

The Commission further made a preliminary determination not to take into account information submitted by foreign producers/exporters for the purposes of its preliminary determination. They 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.

#### **1.7.4 Importers**

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

- Tyre life Solution;
- Tirepoint Tyres (Pty) Ltd.;
- Tyremart Tyres and Accessories;
- Etraction (trading as Malas tyres);
- Route Management;
- Treadzone (Pty) Ltd.;
- Auto and Truck Tyres (Pty) Ltd.;
- Lombard Tyres (Pty) Ltd.;
- Safety Grip (Ptd) Ltd.;
- Pirelli Tyre (Pty) Ltd.;
- Tandem Tyres;

- DG Capital Procurement (Pty) Ltd.;
- Stamford Tyres;
- Afix Trading cc.;
- Vaal Tyre Centre Holdings (Pty) Ltd.;
- Maxxis Tyres (Pty) Ltd.; and
- Changlong Trading;

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.

Initial responses received from all importers were found to be deficient. On 22 June 2022, deficiency letters were sent out to all importers and were given 7 days to address deficiencies. Updated responses from the respective importers were still deficient, with the exception of Etraction (trading as Malas tyres). 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 made a preliminary determination not use information submitted by Etraction for the purposes of its preliminary determination, since the information submitted by the exporters forming part of the sample were still considered deficient at this stage.

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.

#### **1.7.5 Other interested parties**

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

## **1.8 Comments from interested parties**

- (i) This anti-dumping application by SATMC has no legal basis, it is another attempt to stifle fair competition and increase the prices of the subject products, and this is confirmed by a 2010 Competition Commission investigation on members of SATMC for price fixing.
- (ii) The applicant is claiming blanket confidentiality on information needed by to assess the legality of the application, they should provide such information, including adequate own import information of the subject products, reasons for importing as this may affect causality and also industry standing.
- (iii) It is not clear what information from the Applicant (SACU producers) was verified.

### **Applicant's comments**

The disclosure of the SACU Manufacturers' actual import information on an individual, as well as a combined in consolidated format, would have a significant adverse effect on the SACU Manufacturers and provide a significant competitive advantage to any competitor of the respective SACU Manufacturers. The information can be used by the importers and exporters, which already have a significant market share in SACU, to their competitive advantage and to the detriment of the SACU Manufacturers. The respective SACU Manufacturers will be able to benchmark their data against the other SACU Manufacturers, which are competitors of each other and would be to adjust their behaviour accordingly, to their competitive advantage and to the detriment of the individual SACU Manufacturers, which is anti-competitive and unlawful.

### **Commission's consideration**

- (i) The Commission followed due process after considering *prima facie* information from the Applicant. The Commission conducts its investigation in terms of the ITA Act and the ADR (and with due regard to the WTO ADA).
- (ii) There Applicant's confidentiality claim including that relating to own import information is in line with the ADR and ITA Act with respect to confidentiality. The Commission was provided with actual import information that was verified, and reasons for importing were provided and considered. The Commission however liaised with the Applicant requesting it to provide a consolidated non-confidential version of own imports, which the Applicant subsequently did.

- (iii) The non-confidential verification report containing details of information verified was provided to interested parties.

## **1.9 PRELIMINARY DETERMINATION**

The Commission at its meeting of 11 August 2022, after considering all responses and comments from interested parties made determination that the subject products originating in or imported from the PRC were being imported into the SACU market at dumped prices, thereby causing material injury and threatening to cause material injury to the SACU industry.

The Commission also considered 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 for the South African Revenue Service (SARS) to impose provisional measures of **38.33% *ad valorem*** on imports of new pneumatic tyres of rubber of a kind used on motor cars (classifiable under tariff sub-headings 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 PRC for a period of six months.

- 1.10.** Comments submitted by interested parties (within a specified time period) on the preliminary determination will be considered by the Commission prior to making its final determination and recommendation to the Minister of Trade, Industry and Competition.

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 of the salient and pivotal comments received from interested parties and the Commission's consideration of these comments are specifically included in this report.

## 2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

### 2.1 IMPORTED PRODUCTS

#### 2.1.1 Description

The applicant described the imported products as 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 People's Republic of China.

#### 2.1.3 Tariff Classification

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

**Table 2.1.3 (a): Ordinary Customs Duty**

Tariff heading / subheading	Description	Statistical unit	Rate of 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 2.13(b).

## 2.1.6 Negligibility test

The volumes of dumped imports into the SACU shall be considered negligible if they accounts 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 alleged dumped imports as a percentage of the total imports:

**Table 2.1.6: Negligibility test**

Import volumes of Tyres	Import volumes: 01 August 2020 to 31 July 2021	Volumes as a % of total Imports
<b>Tyres for motors cars</b>		
<b>HS 4011.10.01</b>		
Alleged dumped imports: PRC	490 710	85.62%
Other imports	82 405	14.38%
<b>Total imports</b>	<b>573 115</b>	<b>100.00%</b>
<b>HS 4011.10.03</b>		
Alleged dumped imports: PRC	944 186	83.40%
Other imports	187 953	16.60%
<b>Total imports</b>	<b>1 132 139</b>	<b>100.00%</b>
<b>HS 4011.10.05</b>		
Alleged dumped imports: PRC	822 273	65.84%
Other imports	426 586	34.16%
<b>Total imports</b>	<b>1 248 859</b>	<b>100.00%</b>



<b>HS 4011.10.07</b>		
Alleged dumped imports: PRC	450 946	53.60%
Other imports	390 406	46.40%
<b>Total imports</b>	<b>841 352</b>	<b>100.00%</b>
<b>HS 4011.10.09</b>		
Alleged dumped imports: PRC	927 145	40.84%
Other imports	1 343 013	59.16%
<b>Total imports</b>	<b>2 270 158</b>	<b>100.00%</b>
<b>Tyres for buses or lorries</b>		
<b>HS 4011.20.16</b>		
Alleged dumped imports: PRC	318 838	77.72%
Other imports	91 408	22.28%
<b>Total imports</b>	<b>410 246</b>	<b>100.00%</b>
<b>HS 4011.20.18</b>		
Alleged dumped imports: PRC	535 824	59.62%
Other imports	362 863	40.38%
<b>Total imports</b>	<b>898 687</b>	<b>100.00%</b>
<b>HS 4011.20.26</b>		
Alleged dumped imports: PRC	648 135	74.46%
Other imports	222 333	25.54%
<b>Total imports</b>	<b>870 468</b>	<b>100.00%</b>

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 preliminary determination that imports from the PRC were above the negligibility level.

#### 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.

### **2.1.12 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 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.

### 2.2.3 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 2.3: Like product determination**

	Imported product	SACU product
<b>Raw materials</b>	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.



	<b>Imported product</b>	<b>SACU product</b>
<b>Technical characteristics and appearance</b>	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.
<b>Tariff classification</b>	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
<b>Production process</b>	Described in paragraph 2.1.8	Described in paragraph 2.2.2
<b>Application or end use</b>	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.
<b>Substitutability</b>	The imported products are fully substitutable with the SACU products.	The imported products are fully substitutable with the SACU products.

## 2.2.8 Comments from interested parties

- (i) The Commission should investigate imports of second hand tyres.
- (ii) The number of models produced by the Applicant that fall within each tariff sub-heading should be provided in order to assess the impact of such models relative to imports and to determine whether they are like products.

### Applicant's comments

The application was prepared in line with the Commission's stipulated criteria, without any requirement to present data on a model, brand or performance basis level. The participating SACU Manufacturers' supporting information of the products manufactured were grouped and presented per each of the respective tariff subheadings, which information sets were consolidated and submitted in the SATMC Application. There was no obligation for the SATMC to present the information on a cascaded level, in more detail than what has been done.

**Commission's consideration**

- (i) The investigation is for new pneumatic tyres used in motor cars and buses or lorries. However, should the second hand tyre market be affecting the market for new tyres, interested parties should provide such information.
- (ii) The applicant produces a number of product types or models which were verified by the Commission. There is no requirement in the application and in law that requires applicants bringing applications to the Commission to reveal all product types/models produced by them to interested parties. The determination of models is only applicable for dumping margin calculation, in order to compare normal values and export prices as accurately as possible. Furthermore, the definition of like product is clear in the ADR and it has no requirements for a model by model comparisons, as it is known that models are a group of products that fall within a like product.

After taking the above into consideration, the Commission made a preliminary 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 ADR 1.

### **3. INDUSTRY STANDING**

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The application is lodged by the SATMC (the Applicant), an industry body of the SACU industry. The SATMC members are Bridgestone, Continental, Goodyear and Sumitomo. They together constitute 100% of the domestic production of the subject products in SACU.

The Commission made a preliminary determination that the application can be regarded as being made “by or on behalf of the SACU industry” in terms of ADR 7.

## **4. DUMPING**

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The margin of dumping is calculated by subtracting the export price from the normal value of the product (after all 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: SAMPLING**

The Commission at its meeting of 12 April 2022 considered that it received questionnaire responses from 62 foreign producers/exporters, number of importers, products involved, resources available to conduct the investigation and legislated 18 months period to conducted anti-dumping investigations. Therefore it made a determination to limit its investigation (commonly referred to as sampling) to a reasonable number of exporters and importers in accordance with ADR 8.6 read together with ADR 8.7 and 8.8 and the sample be based on ADR 8.6 (a).

Foreign producers/exporters were consulted in accordance with ADR 8.7, regarding the Commission's determination to limit its investigation based on ADR 8.6 (a) and all other interested parties, including the Applicant were informed of the consultation with foreign producers/exporters.

It was communicated that exporters/foreign producers that have been 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 selected sampled foreign producers/exporters and need not address identified deficiencies. Foreign producers/exporters that are not selected for sampling and 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 Commission made a preliminary determination to not consider any deficient responses (from sampled exporters & those requesting individual dumping margins) in accordance with ADR31.3.

#### **4.1.1 Exporters selected for sampling/limiting examination in the investigation**

The following companies forming part of the sample were selected in accordance with ADR 8.6 (a), and they represent more than 50% of total imports of the subject products to SACU during the period of investigation for dumping:

- (Shouguang Firemax Tyre Co., Ltd.;
- Shandong Xinghongyuan Tyre Co., Ltd.;
- Sailun - Sailun (Dongyin) 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 Tyre Co., Ltd.

The Commission noted that the volume of exports by the foreign producers/exporters selected for sampling, account for more than 65% of the volume of exports to SACU of all foreign producers/exporters that responded to the Commission's exporter questionnaire by the specified deadline date for responses. The Commission is of the view that the sample of foreign producers/exporters is representative of the tyre industry in the PRC, as they constitute small, medium and large tyre producers, based on their production and sales volumes. The sample of foreign producers/exporters either manufacture tyres for motor cars only; buses or lorries tyres only; or a combination of tyres for motor cars and buses or lorries. The tyres produced and sold (domestic sales, export sales to SACU & sales to third countries) by the sampled foreign producers/exporters, comprises all tyre sizes which are part of tariff subheadings subject to this investigation.

#### **4.1.2 Responses of sampled exporters**

The responses of the sampled exporters were all found to be deficient for purposes of the Commission's preliminary determination, and the deficiencies are as follows:

- (i) Shouguang Firemax Tire Co., Ltd.
  - Details of listed standards applicable to the subject products were not provided.
  - Reference in the non-confidential response being made to information in the confidential response.
  - Monthly management accounts not provided for certain months.
  - Procurement of raw materials and other inputs related to producing the subject products are not provided.
  
- (ii) Shandong Changfeng Tires Co., Ltd.
  - Reference is made to annexures not attached.
  - Incomplete translation of documents.
  - Some questions are not fully responded to, while others are responded to with incorrect responses.
  - Some information include information of other sections.
  - Unit of measurement not provided in some sections.
  - Some responses require further information from other sections to be complete.
  - Incorrect labelling of annexures.
  - Some information provided is considered not confidential.
  - Clarity is also further sought on other information.
  
- (iii) Shandong Habilead Rubber Co., Ltd.
  - The confidential electronic response is not provided only certain annexures are provided.
  - Some annexures are not provided.
  - Making references to certain annexures and not providing required information.
  - Including confidential information in non-confidential response.
  - Incorrect indexing.
  - Claiming confidentiality on information not deemed to be confidential.

- Not providing information required.
  - Certification and sworn statement not provided.
- (iv) Shandong Xinghongyuan Tire Co., Ltd.
- Company name information in articles of association different from that on all other documents.
  - Audited financial statements for all three years signed on the same date by Auditors.
  - Discrepancies with information related to production and inventory volumes.
  - No date on certification page.
- (v) Shandong Yongfeng Tires Co., Ltd.
- The confidential hard copy response is not provided only certain annexures are provided.
  - Response in certain paragraphs is in conflict with other responses.
  - Information not fully translated.
  - Including information in certain paragraphs that relate to other paragraphs.
  - Incomplete information related to SACU sales.
  - Claiming confidentiality on information not deemed to be confidential and incoherent indexing.
  - Some paragraphs incorrectly responded to or not responded to at all.
  - Not providing information required.
  - Certification and sworn statement not provided.
  - Amending questionnaire response without permission from the Commission.
- (vi) Shandong Haohua Tire Co., Ltd.
- Not providing required information.
  - Substantiation information that is required is outstanding.
  - Incorrect indexing of certain information.
  - Some paragraphs have issues related to confidentiality.

- (vii) Shandong Shuangwang Rubber Co., Ltd. and Shandong Hongde Trade Co., Ltd.
- The production process is not described and advantages and disadvantages of the production process not correctly identified.
  - Various responses refer to annexures not provided in the non-confidential response.
  - Incomplete responses to certain questions.
  - Certain information provided in kilograms instead of pieces.
  - Applicable currency not provided and clarity needed on applicable currency to certain domestic price information.
  - Some information required in MS Excel.
  - Certain sales information outstanding.
  - Level of Trade information not provided.
  - Incorrect response to certain questions.
  - Issues related to provided management account information.
  - Not providing required information.
  - Production and capacity utilisation information not provided for the POI.
  - Certain information claimed to be confidential is not considered confidential.
  - Sworn statement for Hongde Trade not provided.
- (viii) Sailun (Dongying) Tire Co., Ltd.
- Certain company ownership/shareholding information not provided.
  - Reference made to certain annexures not provided.
  - Translations inconsistencies or not done on certain information.
  - Confidentiality issues identified on certain information.
  - Incomplete responses on certain information.
  - Certain sales information provided has discrepancies or not provided.
  - Level of trade information not provided.
  - Indexing irregularities identified.
  - Production layout and related unit of measurement not provided.
  - Removal of certain sections on questionnaire response.
  - Sworn statement not updated.



- (ix) Sailun (Shenyang) Tire Co., Ltd.
- Certain company ownership/shareholding information not provided.
  - Reference made to certain annexures not provided.
  - Translations not done on certain information.
  - Confidentiality issues identified on certain information.
  - Incomplete responses on certain information.
  - Certain sales information provided is incomplete or not provided.
  - Level of trade information not provided.
  - Indexing irregularities identified.
  - Financial statements not provided for 2021.
  - Production layout and related unit of measurement not provided on certain information.
  - Removal of certain sections on questionnaire response.
  - Sworn statement not updated.
- (x) Sailun Group Co., Ltd.
- Certain company ownership/shareholding information not provided and clarity on other information required.
  - Reference made to certain annexures not provided and other attachments indicated are incorrect.
  - Translations not done on certain information.
  - Confidentiality issues identified on certain information.
  - Incomplete responses on certain information.
  - Errors identified on certain excel information.
  - Certain sales information provided is incomplete or not provided.
  - Level of trade information not provided.
  - Indexing irregularities identified.
  - Production layout and related unit of measurement not provided on certain information.
  - Removal of certain sections on questionnaire response.
  - Sworn statement not updated.

#### **4.1.3 Exporters that requested individual dumping margins**

There following foreign producers/exporter's requested individual dumping margins in accordance with ADR8.8:

- GITI Tire Global Trading PTE. LTD., GITI Radial Tire (Anhui) Co., Ltd., GITI Tire (Fujian) Co. Ltd., and GITI Tire (Hualin) Co., LTD;
- Kumho Tire (Tianjin) Co., Inc., Nanjing Kumho Co., Ltd., Kumho Tire (Changchun) Co., Ltd.;
- Hankook Tire China Co., Ltd., Jiangsu Hankook Tire Co., Ltd., Chongqing Hankook Tire Co., Ltd.;
- Aeolus Tyre Co. Ltd.;
- Aeolus Tyre (Taiyuan) Co., Ltd.;
- New Continent Tire;
- Shandong Fengyuan Tire Manufacturing Co., Ltd
- Shandong Cachland Tyres Co., Ltd; and
- Shandong Jinyu Tire Co., Ltd.

All the above foreign producers/exporters that requested individual dumping margins were found to be deficient and the nature of their deficiencies are contained in their deficiency letters and non-confidential versions of the deficiency letters are available in the public file.

The Commission made a preliminary determination not to determine individual dumping margins for the above foreign producers/exporters that were not part of the sample due to the number of foreign producers/exporters making such request is so large that individual examinations will unduly be burdensome and impracticable. This is based on unavailability of resources to conduct such individual examination, and noting that including these exporters would result in the investigation not being completed within 18 months.

Therefore the Commission made a preliminary determination to limit its examination to the selected number of foreign producers/exporters selected in accordance with the ADR 8.6(a) in consultation with all foreign producers/exporters as per ADR 8.7, and not to determine individual dumping margins for foreign producers/exporters that requested such in accordance with ADR8.8.

**4.1.4** Due to the deficient responses submitted by the sampled foreign producers/exporters and the Commission's preliminary determination not to determine individual dumping margins for exporters that made such request, the Commission made a preliminary determination that the normal value and the export price be determined based on facts available. The facts available for normal value comprise of information supplied by the applicant and contained in the application. The facts available for export price are the import statistics obtained from SARS for the period of investigation for dumping.

#### **4.2.1 Normal Value**

The Applicant determined the normal value for new pneumatic tyres based on the domestic prices in the PRC. To substantiate the domestic prices in the PRC, quotations were provided by the Applicant. The quotations contain the Chinese domestic ex-works selling prices in Chinese Yen Renminbi (¥) per tyre and/or tyre size.

The ¥ prices per tyre were converted to the South African Rand (R) using the exchange rate that was obtained from Oanda.com.

The ex-factory normal values per unit for the subject products are as follows:

**Table 4.2.1: Ex-factory Normal Values**

<b>Product category</b>		<b>¥/Tyre</b>	<b>R/Tyre</b>
HS 4011.10.01	Rim size not exceeding 33 cm (13 inches)	143.00	329.78
HS 4011.10.03	Rim size of 35 cm (14 inches)	134.75	310.75
HS 4011.10.05	Rim size of 38 cm (15 inches)	156.93	361.91
HS 4011.10.07	Rim size of 41 cm (16 inches)	177.38	409.05
HS 4011.10.09	Rim size of 43 cm (17 inches) or more	248.60	573.31
HS 4011.20.16	Rim size not exceeding 35 cm (14 inches)	255.00	588.07
HS 4011.20.18	Rim size of 38 cm (15 inches) or more	350.00	807.15
HS 4011.20.26	Rim size exceeding 51 cm (20 inches)	1,012.50	2,334.98

#### **4.2.2 Export price**

For the purposes of determining the export prices, FOB export prices of the subject products, for the period of investigation for dumping were calculated from SARS official import statistics. Adjustments were made to the FOB prices for inland freight costs to arrive to the ex-factory export price. The export prices per tyre are as follows:

**Table 4.2.2: Export Price**

Product category		FOB Prices (R)	Adjustment for Inland Transport Cost (R)	Ex-factory export price (R)
HS 4011.10.01	Rim size not exceeding 33 cm (13 inches)	197.12	4.36	192.76
HS 4011.10.03	Rim size of 35 cm (14 inches)	241.04	5.72	235.32
HS 4011.10.05	Rim size of 38 cm (15 inches)	284.45	6.31	278.14
HS 4011.10.07	Rim size of 41 cm (16 inches)	383.31	6.51	376.80
HS 4011.10.09	Rim size of 43 cm (17 inches) or more	426.49	10.95	415.54
HS 4011.20.16	Rim size not exceeding 35 cm (14 inches)	348.94	5.03	343.91
HS 4011.20.18	Rim size of 38 cm (15 inches) or more	527.51	6.65	520.86
HS 4011.20.26	Rim size exceeding 51 cm (20 inches)	1811.91	23.99	1787.92

### 4.3 Margin of dumping

The Commission made a preliminary determination to apply a single dumping margin for all tariff sub-headings to avoid circumvention and in line with the sampling determination. The Commission noted that other producers may not produce certain tariff subheadings or tyre sizes, however, they may produce such tyre sizes in future.

The dumping margin for all exporters in the PRC for the subject products is as follows:

**Table 4.3 (a): Margin of Dumping**

Tariff Subheading	Ex-factory Normal value (R/tyre)	Ex-factory Export price (R/tyre)	Dumping margin (R/tyre)	Dumping margin as % of the ex-factory export price	Export Volumes (units)	Dumping factor
HS 4011.10.01	329.78	192.76	137.02	71.08%	490 710	6.79
HS 4011.10.03	310.75	235.32	75.43	32.06%	944 186	5.89
HS 4011.10.05	361.90	278.11	83.80	30.13%	822 273	4.82
HS 4011.10.07	409.06	376.69	32.37	8.59%	450 946	0.75
HS 4011.10.09	573.31	415.50	157.81	37.98%	927 125	6.85
HS 4011.20.16	588.07	343.91	244.15	70.99%	318 838	4.41
HS 4011.20.18	807.15	520.81	286.34	54.98%	535 804	5.73
HS 4011.20.26	2334.98	1788.28	546.70	30.57%	648 135	3.86
<b>Total</b>					<b>5 138 017</b>	<b>39.10</b>

The weighted average dumping margin is determined as 39.10% as a percentage of the ex-factory export prices for all tariff subheadings above.

### **Comments from interested parties**

- (i) The applicant's quotation does not cover all models or a significant portion that may fall within a specific tariff sub-heading, and therefore no evidence of dumping is provided.
- (ii) A proper interpretation of Article 6.10 of the Anti-Dumping Agreement, the decision to use a sample ought to have been made at the outset of such investigation and not after interested parties and particularly exporters had spent time, valuable resources and considerable expense in completing the questionnaire. The Commission could have requested exporters to make themselves known just like the EU and provide information on their exports to SACU in order to determine whether the investigation should be limited in terms of ADR 8.6.
- (iii) The number of exporters or importers must be selected for each product by using the largest percentage of the exports from the country in question which can reasonably be investigated in respect of that product.
- (iv) Exporters requesting individual dumping margins should be allowed to make such request after the Commission published its preliminary determination and provided that the exporter remedies any deficiencies prior to the deadline in which to comment on the preliminary determination as this will not be unduly burdensome to the Commission.
- (v) All entities selected for the sample are located in the Shandon Province in the PRC, and therefore this sample is not representative of the tyre industry in the PRC.
- (vi) ITAC must clarify how duties will be calculated, whether per tariff subheading, or at 6 digit tariff subheading, etc.

### **Commission's consideration**

- (i) There is no requirement in law for a quotation to cover all models imported, and there is no way of knowing imported models prior to initiation or at initiation, either by the applicant or the Commission, as this is only obtained from responses from individual exporters. It is known that tyres may have more than a thousand models and therefore providing a quote covering all models or a significant portion of models is impractical. The quotes do cover all tariff subheadings and the subject products, and

the Commission in this investigation will make an assessment and determination of all the models provided by interested parties in calculating dumping.

- (ii) The Commission does not agree with the interpretation of Article 6.10 provided that the sample should have been done at the outset of the investigation. The Commission just like interested parties could not have known the number of interested parties that would participate in this investigation without initiating and inviting interested parties to participate by submitting questionnaire responses. Stating that the Commission should have done sampling at the outset of the investigation would have meant that the Commission had to publicize the investigation prior to initiation, which is not in line with the ADR. It is known that other jurisdictions approach investigations differently and that is their right as per their legislations. The Commission also noted that there is no WTO jurisprudence that state that sampling should be done at initiation of the investigation.
- (iii) There is no requirement anywhere in law that requires the Commission to make such sampling decision. The Commission in its sampling did ensure that all tariff subheadings and various product types/models are covered.
- (iv) The Commission issued a letter to all interested parties indicating that interested parties that wish to request the Commission for individual dumping margins should make such a request prior to the preliminary determination. ADR 8.8 states that exporters not selected and wish for their information to be considered should submit their information in time to be considered by the Commission. The appropriate time for exporters to make such submissions and request is prior to the preliminary determination. The Commission would not be in a position to make such a determination at the final before essential facts determination stage.
- (v) Interested parties were notified and consulted that sampling is done in accordance with Regulation 8.6 (a), and no other basis. The Commission did not go out of its way to select companies from Shandong Province and furthermore, it should be noted that not all 10 producers selected are based in Shandong Province. Note also that approximately more than 50% of respondents to the Commission's exporter questionnaire are located in Shandong Province. The Commission noted that in the PRC and other countries some industries are based in certain regions.
- (vi) The information on duty calculation depends on information received, and such calculation are found at the preliminary and final determination stages when all

information provided have been assessed, verified (if applicable), and the Commission has made a determination to apply duties.

#### **4.5 Summary - Dumping**

For purposes of its preliminary determination, the Commission considered information from interested parties and the applicant and found 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 are being dumped into the SACU market.

The Commission made a preliminary determination that dumping of the subject products originating in or imported from the PRC is taking place.

## 5. MATERIAL INJURY

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### 5.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The injury information on the subject products is provided by SATMC members. SATMC members are Bridgestone, Continental, Goodyear, and Sumitomo. They together constitute 100% of the domestic production of the subject products in SACU from 01 August 2018 to 31 July 2021.

Based on this information, the Commission made a preliminary 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 injury information is provided per tariff subheading. However, injury analysis is mainly focused on the summaries of the combined information of tyres for motor cars, tyres for buses or lorries and a combination of the two.

### 5.3 IMPORT VOLUMES AND EFFECT ON PRICES

#### 5.3.1 Import Volumes

The following tables show the volume of the alleged dumped imports of the subject products as sourced from SARS for the period 01 August 2018 to 31 July 2021.

**Table 5.3.1(a): Import volumes HS 4011.10.01 – Tyres for motor cars**

Units	2018/19	2019/20	2020/21
Alleged dumped imports	335 087	373 680	490 710
Other imports	45 174	55 999	82 405
<b>Total imports</b>	<b>380 261</b>	<b>429 679</b>	<b>573 115</b>
Alleged dumped imports as a % of total imports	88.12%	86.97%	85.62%
Other imports as a % of total imports	11.88%	13.03%	14.38%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



**Table 5.3.1(b): Import volumes HS 4011.10.03 – Tyres for motor cars**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	658 363	659 751	944 186
Other imports	128 628	142 277	187 953
<b>Total imports</b>	<b>786 991</b>	<b>802 028</b>	<b>1 132 139</b>
Alleged dumped imports as a % of total imports	83.66%	82.26%	83.40%
Other imports as a % of total imports	16.34%	17.74%	16.60%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 5.3.1(c): Import volumes HS 4011.10.05 – Tyres for motor cars**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	566 770	573 880	822 273
Other imports	331 518	306 320	426 586
<b>Total imports</b>	<b>898 288</b>	<b>880 200</b>	<b>1 248 859</b>
Alleged dumped imports as a % of total imports	63.09%	65.20%	65.84%
Other imports as a % of total imports	36.91%	34.80%	34.16%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 5.3.1(d): Import volumes HS 4011.10.07 – Tyres for motor cars**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	378 093	316 963	450 946
Other imports	391 512	372 505	390 406
<b>Total imports</b>	<b>769 605</b>	<b>689 468</b>	<b>841 352</b>
Alleged dumped imports as a % of total imports	49.13%	45.97%	53.60%
Other imports as a % of total imports	50.87%	54.03%	46.40%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 5.3.1(e): Import volumes HS 4011.10.09 – Tyres for motor cars**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	662 074	570 589	927 145
Other imports	1 456 865	1 260 324	1 343 013
<b>Total imports</b>	<b>2 118 939</b>	<b>1 830 913</b>	<b>2 270 158</b>
Alleged dumped imports as a % of total imports	31.25%	31.16%	40.84%
Other imports as a % of total imports	68.75%	68.84%	59.16%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 5.3.1(f): Import volumes HS 4011.20.16 – Tyres for buses or lorries**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	322 737	250 395	318 838
Other imports	116 400	106 764	91 408
<b>Total imports</b>	<b>439 137</b>	<b>357 159</b>	<b>410 246</b>
Alleged dumped imports as a % of total imports	73.49%	70.11%	77.72%
Other imports as a % of total imports	26.51%	29.89%	22.28%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 5.3.1(g): Import volumes HS 4011.20.18 – Tyres for buses or lorries**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	409 814	379 423	535 824
Other imports	367 136	364 063	362 863
<b>Total imports</b>	<b>776 950</b>	<b>743 486</b>	<b>898 687</b>
Alleged dumped imports as a % of total imports	52.75%	51.03%	59.62%
Other imports as a % of total imports	47.25%	48.97%	40.38%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 5.3.1(h): Import volumes HS 4011.20.26 – Tyres for buses or lorries**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	529 070	410 533	648 135
Other imports	367 752	272 298	222 333
<b>Total imports</b>	<b>896 822</b>	<b>682 831</b>	<b>870 468</b>
Alleged dumped imports as a % of total imports	58.99%	60.12%	74.46%
Other imports as a % of total imports	41.01%	39.88%	25.54%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 5.3.1(i): Total Import volumes - Tyres for motor cars**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	2 600 387	2 494 863	3 635 260
Other imports	2 353 697	2 137 425	2 430 363
<b>Total imports</b>	<b>4 954 084</b>	<b>4 632 288</b>	<b>6 065 623</b>
Alleged dumped imports as a % of total imports	52.49%	53.86%	59.93%
Other imports as a % of total imports	47.51%	46.14%	40.07%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 5.3.1(j): Total Import volumes - Tyres for buses or lorries**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	1 261 621	1 040 351	1 502 797
Other imports	851 288	743 125	676 604
<b>Total imports</b>	<b>2 112 909</b>	<b>1 783 476</b>	<b>2 179 401</b>
Alleged dumped imports as a % of total imports	59.71%	58.33%	68.95%
Other imports as a % of total imports	40.29%	41.67%	31.05%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 5.3.1(k): Total import volumes - Subject Products (Tyres for buses or lorries & for motor cars)**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	3 862 008	3 535 214	5 138 057
Other imports	3 204 985	2 880 550	3 106 967
<b>Total imports</b>	<b>7 066 993</b>	<b>6 415 764</b>	<b>8 245 024</b>
Alleged dumped imports as a % of total imports	54.65%	55.10%	62.32%
Other imports as a % of total imports	45.35%	44.90%	37.68%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

The Applicant's own imports are included in the above tables, a further consideration of own imports is contained in the causality section.

Table 5.3.1(i) above shows that alleged dumped imports decreased by 4.06% from 2018/19 to 2019/20, increased by 45.71% from 2019/20 to 2020/21 and increased by 39.80% during the POI. Imports from other countries decreased by 9.19% from 2018/19 to 2019/20, increased by 13.71% from 2019/20 to 2020/21 and increased by 3.26% during the POI. It is evident that the alleged dumped imports have increased and account for a significant percentage of total imports into the SACU market.

Table 5.3.1(j) above shows that alleged dumped imports decreased by 17.54% from 2018/19 to 2019/20, increased by 44.45% from 2019/20 to 2020/21 and increased by 19.12% during the POI. Imports from other countries decreased by 12.71% from 2018/19 to 2019/20, further decreased by 8.95% from 2019/20 to 2020/21 and decreased by 20.52% during the POI. It is evident that the alleged dumped imports have increased and account for a significant percentage of total imports into the SACU market.

Table 5.3.1(k) above shows that alleged dumped imports decreased by 8.46% from 2018/19 to 2019/20, increased by 45.34% from 2019/20 to 2020/21 and further increased by 33.04% during the POI. Imports from other countries decreased by 10.12% from 2018/19 to 2019/20, increased by 7.86% from 2019/20 to 2020/21 and decreased by 3.06% during the POI.

It is evident that the alleged dumped imports have significantly increased during the POI for 6 individual tariff sub-headings, and slightly declined for 2 tariff sub-headings, however overall imports of the alleged dumped products account for a significant percentage of total imports into the SACU market.

### **5.3.2 Growth of subject imports relative to domestic production and consumption**

The following tables 5.3.2 (a) and (b) show the effects of the alleged dumped imports on production and consumption.

### **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 was calculated based on the Applicant's ex-factory price and the landed cost.

The following table shows price undercutting on the subject products for the POI.

**Table 5.4.2.1: Price Undercutting**

<b>(Rand/Tyre)</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Tyres for motor cars</b>			
<b>HS 4011.10.01</b>			
Applicant's ex-factory selling price	100	110	126
Landed cost	100	103	102
Price undercutting	No	No	Yes
Undercutting %	No	No	Yes
<b>HS 4011.10.03</b>			
Applicant's ex-factory selling price	100	108	120
Landed cost	100	99	100

Price undercutting	No	Yes	Yes
Undercutting %	No	Yes	Yes
<b>HS 4011.10.05</b>			
Applicant's ex-factory selling price	100	106	117
Landed cost	100	98	97
Price undercutting	Yes	Yes	Yes
Undercutting %	Yes	Yes	Yes
<b>HS 4011.10.07</b>			
Applicant's ex-factory selling price	100	102	112
Landed cost	100	97	95
Price undercutting	Yes	Yes	Yes
Undercutting %	Yes	Yes	Yes
<b>HS 4011.10.09</b>			
Applicant's ex-factory selling price	100	104	114
Landed cost	100	98	96
Price undercutting	Yes	Yes	Yes
Undercutting %	Yes	Yes	Yes
<b>Tyres for buses or lorries</b>			
<b>HS 4011.20.16</b>			
Applicant's ex-factory selling price	100	109	119
Landed cost	100	103	104
Price undercutting	Yes	Yes	Yes
Undercutting %	Yes	Yes	Yes
<b>HS 4011.20.18</b>			
Applicant's ex-factory selling price	100	107	113
Landed cost	100	102	107
Price undercutting	Yes	Yes	Yes
Undercutting %	Yes	Yes	Yes
<b>HS 4011.20.26</b>			
Applicant's ex-factory selling price	100	104	112
Landed cost	100	99	99
Price undercutting	Yes	Yes	Yes
Undercutting %	Yes	Yes	Yes
Applicant's ex-factory selling price	100	105	116
Landed cost	100	99	97
Price undercutting	Yes	Yes	Yes
Undercutting %	Yes	Yes	Yes
<b>Total Tyres for buses or lorries</b>			
Applicant's ex-factory selling price	100	105	113
Landed cost	100	100	101
Price undercutting	Yes	Yes	Yes

Undercutting %	Yes	Yes	Yes
<b>Combined subject products (Tyres for motor cars &amp; for buses or lorries)</b>			
Applicant's ex-factory selling price	100	105	114
Landed cost	100	100	100
Price undercutting	Yes	Yes	Yes
Undercutting %	Yes	Yes	Yes

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

Table 5.4.2.1 above indicates that the Applicant experienced price undercutting on both tyres for motor cars and tyres for buses or lorries.

#### 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
<b>Tyres for motor cars</b>	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
<b>Tyres for buses or lorries</b>	HS 4011.20.16	100	109	119
	HS 4011.20.18	100	107	113
	HS 4011.20.26	100	104	112
<b>Total Tyres for motor cars</b>		100	105	116
<b>Total Tyres for buses or lorries</b>		100	105	113
<b>Combined subject products (Tyres for motor cars &amp; for buses or lorries)</b>		100	105	114

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

Table 5.4.2.2 above indicates that the Applicant did not experience price depression on all subject products during 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
<b>Selling prices (R/tyre)</b>				
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
<b>Cost of production (R/tyre)</b>				
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
<b>Production cost as % of ex-factory selling price (price suppression)</b>				
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.

Table 5.4.2.3 indicates that there is no price suppression for all tariff subheadings, except for HS 4011.10.09 (tyres for motor cars) as the cost of production as a percentage of selling price improved, during the POI. However, overall for both tyres for motor cars and tyres for buses or lorries, there was no price suppression during the POI.

The Applicant stated that the high cost to price ratios that were experienced during the POI are indicative of material injury.

### 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
<b>Tyres for motor cars</b>	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
<b>Tyres for buses or lorries</b>	HS 4011.20.16	100	76	84
	HS 4011.20.18	100	86	105
	HS 4011.20.26	100	137	183
<b>Total: Tyres for motor cars</b>		100	72	80
<b>Total: Tyres for buses or lorries</b>		100	93	115
<b>Combined subject products (Tyres for motor cars &amp; for buses or lorries)</b>		100	74	83

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

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.

Table 5.4.3.1 above 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, 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
<b>Tyres for motor cars</b>	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
<b>Tyres for buses or lorries</b>	HS 4011.20.16	100	82	100
	HS 4011.20.18	100	92	118
	HS 4011.20.26	100	143	205
<b>Total: Tyres for motor cars</b>		100	75	96
<b>Total: Tyres for buses or lorries</b>		100	118	163
<b>Combined subject products (Tyres for motor cars &amp; for buses or lorries)</b>		100	84	109

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

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.

Table 5.4.3.2 above 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, 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
<b>Gross Profit (R/tyre)</b>				
<b>Tyres for motor cars</b>	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
<b>Tyres for buses or lorries</b>	HS 4011.20.16	100	118	80
	HS 4011.20.18	100	-37	744
	HS 4011.20.26	100	116	1
<b>Total: Tyres for motor cars</b>		100	121	87
<b>Total: Tyres for buses or lorries</b>		100	119	16
<b>Combined subject products (Tyres for motor cars &amp; for buses or lorries)</b>		100	120	39
<b>Net Profit (R/tyre)</b>				
<b>Tyres for motor cars</b>	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
<b>Tyres for buses or lorries</b>	HS 4011.20.16	100	126	110
	HS 4011.20.18	100	146	97
	HS 4011.20.26	100	126	63
<b>Total: Tyres for motor cars</b>		100	132	121
<b>Total: Tyres for buses or lorries</b>		100	128	79
<b>Combined subject products (Tyres for motor cars &amp; for buses or lorries)</b>		100	129	95

The figures were indexed due to confidentiality using 2018/19 as a base year. The total gross and net profit figures

were negative for all years of the POI, fluctuations depicted in the table above are on negative figures.

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 on its losses.

#### 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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	132	155
Other Imports' market share as a % of total market	100	147	193

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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	123	148
Other Imports' market share as a % of total market	100	136	151

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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	123	151
Other Imports' market share as a % of total market	100	113	134

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
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Applicant market share as a % of total market	100	95	90
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	100	125
Other Imports' market share as a % of total market	100	114	104

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	108	96
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	93	135
Other Imports' market share as a % of total market	100	94	89

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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	98	109
Other Imports' market share as a % of total market	100	115	87

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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	101	117
Other Imports' market share as a % of total market	100	108	89

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
Other SACU producers market share as a % of total market	0	0	0
Alleged 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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	119	143
Other Imports' market share as a % of total market	100	112	106

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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	95	112
Other Imports' market share as a % of total market	100	100	75

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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	111	134
Other Imports' market share as a % of total market	100	109	97

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

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. Alleged dumped imports market share increased by 19 index points from 2018/19 to 2019/20, further increased by 24 index points from 2019/20 to 2020/21 and increased by 43 points during the POI. Other imports market share increased by 12 index points from 2018/19 to 2019/20, decreased by 6 index points from 2019/20 to 2020/21 and increased by 6 index points during the POI.

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. Alleged

dumped imports market share decreased by 5 index points from 2018/19 to 2019/20, increased by 17 index points from 2019/20 to 2020/21 and increased by 12 index points during the POI. Other imports market share remained constant from 2018/19 to 2019/20, decreased by 25 index points from 2019/20 to 2020/21 and decreased by 25 index points during the POI.

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. Alleged dumped imports market share increased by 11 index points from 2018/19 to 2019/20, further increased by 23 index points from 2019/20 to 2020/21 and increased by 34 index points during the POI. Other imports market share increased by 9 index points from 2018/19 to 2019/20, decreased by 12 index points from 2019/20 to 2020/21 and decreased by 3 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 China causing the SACU Industry to suffer material injury.

### **Commission's consideration**

The Commission considered that the alleged dumped imports market share constitute 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
<b>Tyres for motor cars</b>	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
<b>Tyres for buses or lorries</b>	HS 4011.20.16	100	112	131

	HS 4011.20.18	100	66	92
	HS 4011.20.26	100	110	151
<b>Total: Tyres for motor cars</b>		100	67	84
<b>Total: Tyres for buses or lorries</b>		100	84	113
<b>Combined subject products (Tyres for motor cars &amp; for buses or lorries)</b>		100	69	87

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

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.

Table 5.4.3.5 above 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, 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 China, 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 China, 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**

The Commission noted that 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 it noted that in 2020/2021, operations had resumed, however, output volumes were still lower than when compared to 2018/2019.

#### 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

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

The table 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.

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

#### 5.4.3.7: Productivity

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

Subject product groupings	Productivity	2018/19	2019/20	2020/21
	Total production volume	100	71	85



<b>Tyres for motor cars</b>	Number of employees (Production)	100	93	83
	Tyre per employee	100	77	102
<b>Tyres for buses or lorries</b>	Total production volume	100	79	102
	Number of employees (Production)	100	98	105
	Tyre per employee	100	80	97

**Table 5.4.3.7: Productivity**

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

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.

Table 5.4.3.7 above 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.

#### 5.4.3.8 Utilisation of production capacity

The following table provides the Applicant's capacity utilisation.

**Table 5.4.3.8: Capacity utilisation**

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

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

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.

Table 5.4.3.8 above 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.

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**

<b>Subject product groupings</b>	<b>ROI</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Tyres for motor cars</b>	Net profit	100	63	47
	Net assets	100	97	102
	Return on net assets (%)	100	65	47
<b>Tyres for buses or lorries</b>	Net profit	100	109	73
	Net assets	100	103	96
	Return on net assets (%)	100	105	76

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

Table 5.4.3.9 above indicates that return on assets for all subject products decreased during the POI, with return on assets for tyres for motor cars decreasing by 53 index points and that for tyres for busses or lorries decreasing by 24 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. These negative trends that exists 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.

#### 5.4.3.11 Margin of dumping

The following margin of dumping was calculated:

**Table 5.4.3.11: Margin of dumping**

Tariff Sub-heading	Ex-factory Normal value (R/tyre)	Ex-factory Export price (R/tyre)	Dumping margin (R/tyre)	Dumping margin as % of ex-factory export price	Export Volumes (units)	Dumping factor
HS 4011.10.01	329.78	192.76	137.02	71.08%	490 710	6.79
HS 4011.10.03	310.75	235.32	75.43	32.06%	944 186	5.89
HS 4011.10.05	361.90	278.11	83.80	30.13%	822 273	4.82
HS 4011.10.07	409.06	376.69	32.37	8.59%	450 946	0.75
HS 4011.10.09	573.31	415.50	157.81	37.98%	927 125	6.85
HS 4011.20.16	588.07	343.91	244.15	70.99%	318 838	4.41
HS 4011.20.18	807.15	520.81	286.34	54.98%	535 804	5.73
HS 4011.20.26	2334.98	1788.28	546.70	30.57%	648 135	3.86
<b>Total</b>					<b>5 138 017</b>	<b>39.10</b>

#### 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

<b>Tyres for buses or lorries</b>	HS 4011.20.16	100	94	94
	HS 4011.20.18	100	108	80
	HS 4011.20.26	100	338	195
<b>Total: Tyres for motor cars</b>		100	110	84
<b>Total: Tyres for buses or lorries</b>		100	169	119
<b>Combined subject products (Tyres for motor cars &amp; for buses or lorries)</b>		100	125	93

The figures were indexed due to confidentiality using 2018/19 as a base year. The total net cash flows were negative for all years of the POI, fluctuations depicted in the table above are based on negative figures.

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. Net Cash flow 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 China 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 (Tyres)**

Subject product groupings	Tariff subheading	2018/19	2019/20	2020/21
<b>Tyres for motor cars</b>	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
<b>Tyres for buses or lorries</b>	HS 4011.20.16	100	100	125

	HS 4011.20.18	100	69	85
	HS 4011.20.26	100	90	78
<b>Total: Tyres for motor cars</b>		100	62	63
<b>Total: Tyres for buses or lorries</b>		100	80	87
<b>Combined subject products (Tyres for motor cars &amp; for buses or lorries)</b>		100	64	66

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

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.

Table 5.4.3.13 above 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, the table 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
<b>Tyres for motor cars</b>	Direct Wages	100	84	100
	Indirect Wages	100	86	90
	<b>Total Wages</b>	<b>100</b>	<b>85</b>	<b>95</b>
<b>Tyres for buses or lorries</b>	Direct Wages	100	95	131
	Indirect Wages	100	98	121

	<b>Total Wages</b>	<b>100</b>	<b>96</b>	<b>127</b>
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The figures were indexed due to confidentiality using 2018/19 as a base year.

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. 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.

#### 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**

<b>Subject product groupings</b>	<b>Capital and Investment</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Tyres for motor cars</b>	Investment	100	48	42
	Expenditure	100	84	75
<b>Tyres for buses or lorries</b>	Investment	100	23	23
	Expenditure	100	94	99

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

Table 5.4.3.15 above indicates that total investments 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.

The total investments 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.

Table 5.4.3.15 above indicates that the 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.

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.

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
<b>Size of SACU market</b>	100	84	94	-6
% Growth of SACU market from previous year		100	-76	-176
Applicant % growth from previous year		100	47	-53
Other SACU producers % growth from previous year		0	0	0
Alleged China dumped imports % growth from previous year		100	272	172
Other imports % growth from previous year		100	197	97

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year.

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

	2018/19	2019/20	2020/21	% Change 2018 to 2021
<b>Size of SACU market</b>	100	81	97	-3
% Growth of SACU market from previous year		100	-102	-202
Applicant % growth from previous year		100	-4	-104
Other SACU producers % growth from previous year				
Alleged China dumped imports % growth from previous year		100	20529	20 429
Other imports % growth from previous year		100	303	203

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year.

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

	2018/19	2019/20	2020/21	% Change 2018 to 2021
<b>Size of SACU market</b>	100	82	96	-4
% Growth of SACU market from previous year		100	-94	-194
Applicant % growth from previous year		100	-7	-107
Other SACU producers % growth from previous year		0	0	0
Alleged China dumped imports % growth from previous year		100	3462	3362
Other imports % growth from previous year		100	-517	-617

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year.

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

	2018/19	2019/20	2020/21	% Change 2018 to 2021
<b>Size of SACU market</b>	100	84	96	-4
% Growth of SACU market from previous year		100	-87	-187
Applicant % growth from previous year		100	-42	-142
Other SACU producers % growth from previous year				
Alleged China dumped imports % growth from previous year		100	-261	-361
Other imports % growth from previous year		100	-99	-199

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year.

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

	2018/19	2019/20	2020/21	% Change 2018 to 2021
<b>Size of SACU market</b>	100	78	102	2
% Growth of SACU market from previous year		100	-139	-239
Applicant % growth from previous year		100	-126	-226
Other SACU producers % growth from previous year				0
Alleged China dumped imports % growth from previous year		100	-452	-552
Other imports % growth from previous year		100	-49	-149

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year.

**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
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<b>Size of SACU market</b>	100	80	90	-10
% Growth of SACU market from previous year		100	-66	-166
Applicant % growth from previous year		100	-45	-145
Other SACU producers % growth from previous year				0
Alleged China dumped imports % growth from previous year		100	-122	-222
Other imports % growth from previous year		100	174	74

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year.

**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
<b>Size of SACU market</b>	100	92	112	12
% Growth of SACU market from previous year		100	-268	-368
Applicant % growth from previous year		100	-155	-255
Other SACU producers % growth from previous year				0
Alleged China dumped imports % growth from previous year		100	-556	-656
Other imports % growth from previous year		100	39	-61

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year.

**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
<b>Size of SACU market</b>	100	86	110	10
% Growth of SACU market from previous year		100	-200	-300
Applicant % growth from previous year		100	89	-11
Other SACU producers % growth from previous year		0	0	0
Alleged China dumped imports % growth from previous year		100	-258	-358
Other imports % growth from previous year		100	71	-29

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year.

**Table 5.3.3.16(i) Total: Tyres for motor cars**

	2018/19	2019/20	2020/21	% Change
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				<b>2018 to 2021</b>
<b>Size of SACU market</b>	100	81	98	-2
% Growth of SACU market from previous year		100	-109	-209
Applicant % growth from previous year		100	-39	-139
Other SACU producers % growth from previous year				0
Alleged China dumped imports % growth from previous year		100	-1126	-1226
Other imports % growth from previous year		100	-149	-249

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year.

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

	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>% Change 2018 to 2021</b>
<b>Size of SACU market</b>	100	87	106	6
% Growth of SACU market from previous year		100	-171	-271
Applicant % growth from previous year		100	-346	-446
Other SACU producers % growth from previous year		0	0	0
Alleged China dumped imports % growth from previous year		100	-253	-353
Other imports % growth from previous year		100	70	-30

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year.

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

	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>% Change 2018 to 2021</b>
<b>Size of SACU market</b>	100	82	100	0
% Growth of SACU market from previous year		100	-119	-219
Applicant % growth from previous year		100	-49	-149
Other SACU producers % growth from previous year		0	0	0
Alleged China dumped imports % growth from previous year		100	-536	-636
Other imports % growth from previous year		100	-78	-178

The figures were indexed due to confidentiality using 2018/19 & 2019/20 as a base year.

Table 5.4.3.16(i) above shows that the size of the SACU market for tyres for motor cars

decreased by 2 index points during the POI. The Applicant's sales decreased whilst other imports and alleged dumped imports from China increased.

Table 5.4.3.16(j) above shows that the size of the SACU market for tyres for buses or lorries increased by 6 index points during the POI. The Applicant's sales increased; other imports decreased whilst alleged dumped imports from China increased.

Table 5.4.3.16(k) above shows that the size of the SACU market for the combined subject products remained constant during the POI. The Applicant sales and other imports decreased whilst alleged dumped imports increased.

### **Comments from interested parties**

- (i) Imports declined in 2020, as well as SACU production volumes and sales as evidenced in the application, therefore the injury may be caused by other factors such as COVID, shrinkage in automotive production and the second-hand tyre market. Information relating to the COVID period should be segregated from injury examination.
- (ii) SATMC should provide capacity utilization on 8-digit tariff subheading, not on 6-digits.
- (iii) The Application fails the test of like product, and therefore no assessment of price depression, price suppression or price undercutting can be made.
- (iv) No injury data was supplied at a model-by-model level and it cannot be said that the products are the same or whether any injury experienced by the local producers is due to imports from China.
- (v) The injury investigation period should be more than 3 years and normally 4-year period (i.e. POI plus previous 3 years) in accordance with the definition provided in the Regulation and Committee on Anti-dumping Practices, thus the SATMC application with a 3 year injury period does not provide an objective assessment.
- (vii) There are no price effects and volume effects resulting from imports from China.

### **Commission's consideration**

- (i) COVID is known to have had an impact on global economies including various companies in 2020 and beyond. The Commission in its considerations does take into account the effects of COVID in assessing the cause of injury. The information in the application includes pre-COVID and post-COVID periods, and from this, it is clear that

although COVID may have had an impact on the tyre industry like all other industries, the impact of the alleged dumped imports cannot be ignored and from the information provided, they are the major cause of injury. Segregating the COVID period in injury determination has no basis in law, the global economy has undergone various shocks such as recessions and the pandemic, and there has not been an instance where such shocks have been segregated in anti-dumping investigations. Therefore the impact of these shocks is assessed based on available data, instead of segregating such data related to these shocks.

- (ii) It is known that production of tyres does not take place in isolation, whereby one machine or plant manufactures tyres per tariff sub-heading or product types and also noting the stages in the production process, that would be difficult for any producer to provide such information including the interested parties (exporters) making such a request, as they also did not provide capacity volumes per tariff sub-heading or product types.
- (iii) Interested parties having knowledge of the definition of like product in the ADR and various WTO jurisprudence should state how tyres from the PRC are not alike with SACU produced tyres instead of merely making meritless statements. Furthermore, the Commission made the decision on the like product having considered all factors applicable.
- (iv) There is no requirement in law for injury information to be provided on a model-by-model basis. Interested parties seem to not understand that model-by-model comparisons is done for dumping margin calculation only in order to ensure that models in the domestic market are compared with models in the export market for fair comparison purposes.
- (v) South Africa and SACU conducts its investigation in accordance with the ITA Act and Anti-dumping Regulations, in line with WTO rules. Note that the next financial year is not relevant to this investigation as the application was submitted 4 months after the last year of the POI and the investigation was initiated within 6 months after the last year of the POI. Further, a recommendation of the WTO Committee on Anti-Dumping Practices provides that “injury should preferably be analysed over a period of at least three years.
- (vii) The SACU industry experienced material injury in terms of price effects and volume effects. Therefore the comments from interested parties is not based on evidence provided in the application.

#### **5.4.3.17 Summary of material injury**

Based on the above information, the evaluation of the injury information of the applicant for

the period 01 August 2018 to 31 July 2021 is summarised as follows:

- Price undercutting;
- 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 preliminary determination that the SACU industry is experiencing material injury.

## 6. THREAT OF MATERIAL INJURY

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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 China 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 China. China 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 China is expected to continue boosting demand for tyres in the original equipment manufacturer (“OEM”) tyre segment.
- China 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 China 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 China 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

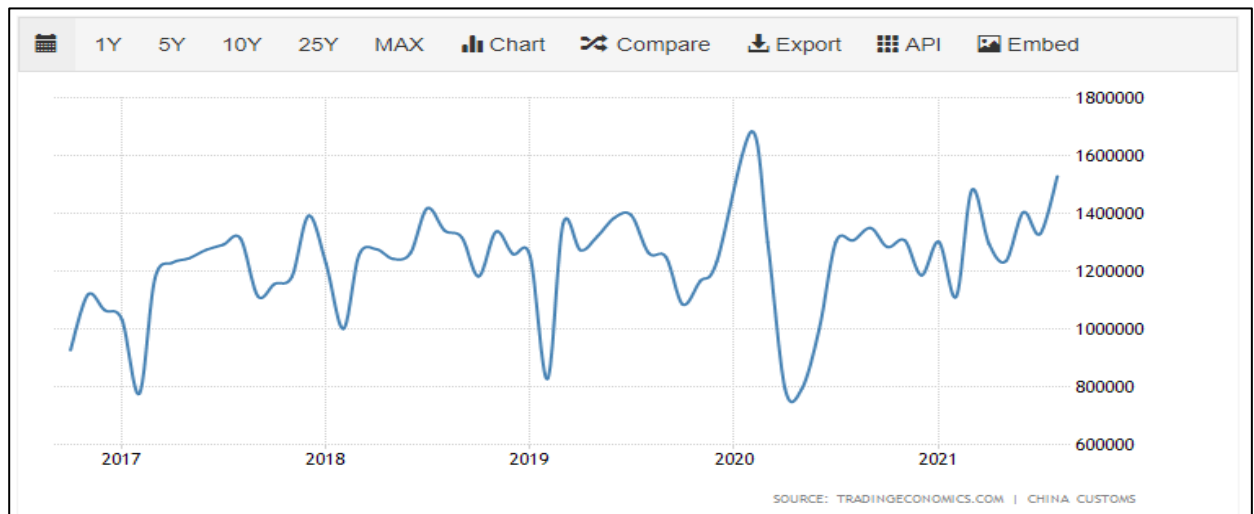
2019, accounting for USD80.33 billion, and is estimated to reach USD110.47 billion by 2027, registering a CAGR of 4.1 percent during the forecast period. In 2019, Asia-Pacific was anticipated to account for major market share.

- 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 China: domestic market and export demand. On the one hand, both production volume and reserve volume of automobiles continue to grow in China. 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 China. 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 China's tyre manufacturing industry in the first quarter of 2020. However, since April 2020, China'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, China'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, China'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, China has faced a grim dilemma in tyre export in the wake of China-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. China'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 China'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.
- China'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.

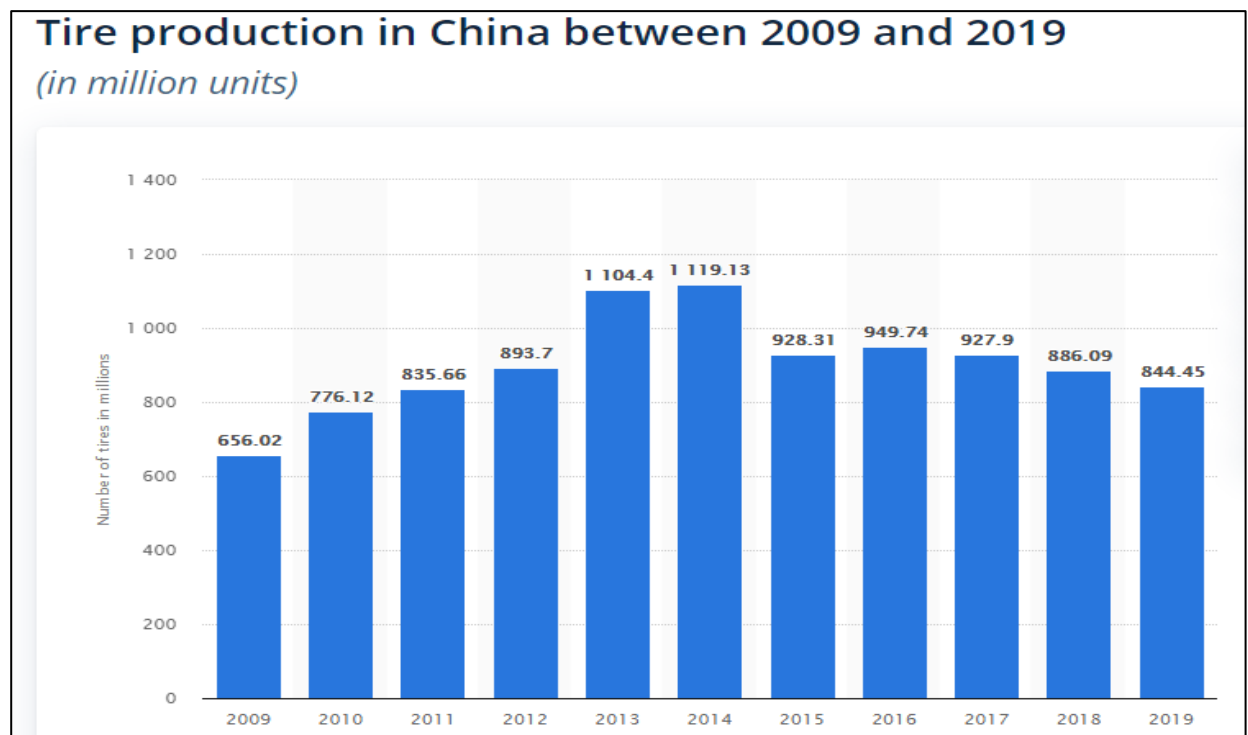


**Graph 1: Export of rubber tyres from China – 2017 to 2021**



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

**Graph 2: China tyre production between 2009 and 2019**



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

- All indications are that the tyre production in China 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, China does have the capacity to increase its exports even further.

- Testimony hereof is that China 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, China 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 China 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 China over the POI, the fact remains that dumped imports from China 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.
- China is the global export leader of tyres and although the value of the global export market decreased with 12.6% from 2019 to 2020, China decreased with only 10.3 percent. In 2020, the China 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 China 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 China 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 China 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 China. 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 China, described as socialism with Chinese characteristics since the 12<sup>th</sup> National Congress of the Communist Party of China 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 China'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 China'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 China, which totalled about USD1.6 trillion as of the end of October 2016, directly and indirectly contributed about one-third of China's GDP and a quarter of jobs there. As of the end of June 2020, Foreign Direct Investment ("FDI") stock in China reached USD2.947 trillion, and China's outgoing FDI stock stood at USD2.128

trillion. Total foreign financial assets owned by China reached USD7.860 trillion, and its foreign financial liabilities USD5.716 trillion, making China 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 China 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. China 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. China 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 China'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, China surpassed the US in the wealth of the top 10 percent of the world's population: China 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 China'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. China has the world's fastest-growing major economy, with growth rates averaging 10 percent over 30 years.
- As of 2019, China's public sector accounted for 63 percent of total employment. According to the IMF, on a per capita income basis, China ranked 73<sup>rd</sup> by GDP (Purchasing Power Parity) per capita in 2019. China'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. China 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, China is home to the largest companies in the Fortune Global 500 and 129 are headquartered in China. It has the world's largest foreign exchange reserves worth USD3.1 trillion, but if the foreign assets of China's state-owned commercial banks are included, the value of China's reserves rises to nearly USD4 trillion.

- Currently, China 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. China 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. China 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 China tend to be more industrialized while regions in the hinterland are less developed. As China's economic importance has grown, so has attention to the structure and health of the economy.
- China's largest trading partners are the US, EU, Japan, Hong Kong, South Korea, India, Taiwan, Australia, Vietnam, #China#, and Brazil. With 778 million workers, the Chinese labour force is the world's largest as of 2020. It ranks 31<sup>st</sup> on the Ease of doing business percentage and 28<sup>th</sup> on the Global Competitiveness Report. China ranks 14<sup>th</sup> 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, China'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 China is expected to reach nearly one million, by far the biggest tally globally.

### **Summary – Threat of material injury**

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

## 7. CAUSAL LINK

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### 7.1 GENERAL

In order for the Commission to impose provisional measures, 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 alleged 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 import volumes of the subject products (Applicant's own imports included):

**Table 7.2.1 (a): Import volumes HS 4011.10.01 – Tyres for motor cars**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	335 087	373 680	490 710
Other imports	45 174	55 999	82 405
<b>Total imports</b>	<b>380 261</b>	<b>429 679</b>	<b>573 115</b>
Alleged dumped imports as a % of total imports	88.12%	86.97%	85.62%
Other imports as a % of total imports	11.88%	13.03%	14.38%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 7.2.1 (b): Import volumes HS 4011.10.03 – Tyres for motor cars**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	658 363	659 751	944 186
Other imports	128 628	142 277	187 953
<b>Total imports</b>	<b>786 991</b>	<b>802 028</b>	<b>1 132 139</b>
Alleged dumped imports as a % of total imports	83.66%	82.26%	83.40%
Other imports as a % of total imports	16.34%	17.74%	16.60%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 7.2.1 (c): Import volumes HS 4011.10.05 – Tyres for motor cars**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	566 770	573 880	822 273
Other imports	331 518	306 320	426 586
<b>Total imports</b>	<b>898 288</b>	<b>880 200</b>	<b>1 248 859</b>
Alleged dumped imports as a % of total imports	63.09%	65.20%	65.84%
Other imports as a % of total imports	36.91%	34.80%	34.16%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 7.2.1 (d): Import volumes HS 4011.10.07 – Tyres for motor cars**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	378 093	316 963	450 946
Other imports	391 512	372 505	390 406
<b>Total imports</b>	<b>769 605</b>	<b>689 468</b>	<b>841 352</b>
Alleged dumped imports as a % of total imports	49.13%	45.97%	53.60%
Other imports as a % of total imports	50.87%	54.03%	46.40%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 7.2.1(e): Import volumes HS 4011.10.09 – Tyres for motor cars**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	662 074	570 589	927 145
Other imports	1 456 865	1 260 324	1 343 013
<b>Total imports</b>	<b>2 118 939</b>	<b>1 830 913</b>	<b>2 270 158</b>
Alleged dumped imports as a % of total imports	31.25%	31.16%	40.84%
Other imports as a % of total imports	68.75%	68.84%	59.16%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 7.2.1 (f): Import volumes HS 4011.20.16 – Tyres for buses or lorries**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	322 737	250 395	318 838
Other imports	116 400	106 764	91 408
<b>Total imports</b>	<b>439 137</b>	<b>357 159</b>	<b>410 246</b>
Alleged dumped imports as a % of total imports	73.49%	70.11%	77.72%
Other imports as a % of total imports	26.51%	29.89%	22.28%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 7.2.1 (g): Import volumes HS 4011.20.18 – Tyres for buses or lorries**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	409 814	379 423	535 824
Other imports	367 136	364 063	362 863
<b>Total imports</b>	<b>776 950</b>	<b>743 486</b>	<b>898 687</b>
Alleged dumped imports as a % of total imports	52.75%	51.03%	59.62%
Other imports as a % of total imports	47.25%	48.97%	40.38%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 7.2.1 (h): Import volumes HS 4011.20.26 – Tyres for buses or lorries**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	529 070	410 533	648 135
Other imports	367 752	272 298	222 333
<b>Total imports</b>	<b>896 822</b>	<b>682 831</b>	<b>870 468</b>
Alleged dumped imports as a % of total imports	58.99%	60.12%	74.46%
Other imports as a % of total imports	41.01%	39.88%	25.54%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	2 600 387	2 494 863	3 635 260
Other imports	2 353 697	2 137 425	2 430 363
<b>Total imports</b>	<b>4 954 084</b>	<b>4 632 288</b>	<b>6 065 623</b>
Alleged dumped imports as a % of total imports	52.49%	53.86%	59.93%
Other imports as a % of total imports	47.51%	46.14%	40.07%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



**Table 7.2.1 (j): Total Import volumes - Tyres for buses or lorries**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	1 261 621	1 040 351	1 502 797
Other imports	851 288	743 125	676 604
<b>Total imports</b>	<b>2 112 909</b>	<b>1 783 476</b>	<b>2 179 401</b>
Alleged dumped imports as a % of total imports	59.71%	58.33%	68.95%
Other imports as a % of total imports	40.29%	41.67%	31.05%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Table 7.2.1 (k): Total import volumes - Subject Products (Tyres for buses or lorries & for motor cars)**

<b>Tyre</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Alleged dumped imports	3 862 008	3 535 214	5 138 057
Other imports	3 204 985	2 880 550	3 106 967
<b>Total imports</b>	<b>7 066 993</b>	<b>6 415 764</b>	<b>8 245 024</b>
Alleged dumped imports as a % of total imports	54.65%	55.10%	62.32%
Other imports as a % of total imports	45.35%	44.90%	37.68%
<b>Total imports</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Table 7.2.1 (i) above shows that alleged dumped imports decreased by 4.06% from 2018/19 to 2019/20, increased by 45.71% from 2019/20 to 2020/21 and increased by 39.80% during the POI. Imports from other countries decreased by 9.19% from 2018/19 to 2019/20, increased by 13.71% from 2019/20 to 2020/21 and increased by 3.26% during the POI. It is evident that the alleged dumped imports have increased and account for a significant percentage of total imports into the SACU market.

Table 7.2.1 (j) above shows that alleged dumped imports decreased by 17.54% from 2018/19 to 2019/20, increased by 44.45% from 2019/20 to 2020/21 and increased by 19.12% during the POI. Imports from other countries decreased by 12.71% from 2018/19 to 2019/20, further decreased by 8.95% from 2019/20 to 2020/21 and decreased by 20.52% during the POI. It is evident that the alleged dumped imports have increased and account for a significant percentage of total imports into the SACU market.

Table 7.2.1 (k) above shows that alleged dumped imports decreased by 8.46% from 2018/19 to 2019/20, increased by 45.34% from 2019/20 to 2020/21 and further increased by 33.04% during the POI. Imports from other countries decreased by 10.12% from 2018/19 to

2019/20, increased by 7.86% from 2019/20 to 2020/21 and decreased by 3.06% during the POI.

It is evident that the alleged dumped imports have significantly increased during the POI for 6 individual tariff sub-headings, and slightly declined for 2 tariff sub-headings, however overall imports of the alleged dumped products account for a significant percentage of total imports into the SACU market.

## 7.2.2 Own Imports

The following tables shows the Applicant's own imports applicable to the subject products:

**Table 7.2.2: Own Imports**

	2018/19	2019/20	2020/21
<b>Total own imports: Tyres for motor cars</b>			
China	100	100	38
Other countries	100	102	168
Total	100	102	167
<b>Total own imports: Tyres for buses or lorries</b>			
China	100	38	53
Other countries	100	91	110
Total	100	75	93
<b>Total own imports: Combined subject products</b>			
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.

According to table 7.2.2, own imports of tyres for motor cars from China decreased by 62 index points during the POI, whereas own imports from other countries increased by 67 index points during the POI.

Own imports of tyres for buses or lorries from China decreased by 47 index points during the POI, whereas own imports from other countries have increased by 10 index points during the POI.

Overall, there was a decline in own imports of tyres of both motor cars and for buses or lorries from China during the POI, whereas own imports from other countries increased during the POI.

### Commission's consideration

The Applicant's own imports of the subject products from China are low and during the POI for dumping, accounting for less than 1% of the applicants production for the subject products.

### 7.2.3 Market share

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

**Table 7.2.3 (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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	132	155
Other Imports' market share as a % of total market	100	147	193

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

**Table 7.2.3 (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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	123	148
Other Imports' market share as a % of total market	100	136	151

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

**Table 7.2.3 (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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	123	151
Other Imports' market share as a % of total market	100	113	134

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

**Table 7.2.3 (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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	100	125
Other Imports' market share as a % of total market	100	114	104

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

**Table 7.2.3 (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	108	96
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	93	135
Other Imports' market share as a % of total market	100	94	89

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

**Table 7.2.3 (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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	98	109
Other Imports' market share as a % of total market	100	115	87

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

**Table 7.2.3 (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	93,38	94
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	101	117
Other Imports' market share as a % of total market	100	108	89

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

**Table 7.2.3 (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
Other SACU producers market share as a % of total market	0	0	0
Alleged 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 7.2.3 (i): Total Market share - Tyres for motor cars**

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

%	2018/19	2019/20	2020/21
Applicant market share as a % of total market	100	89	81
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	119	143
Other Imports' market share as a % of total market	100	112	106

**Table 7.2.3 (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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	95	112
Other Imports' market share as a % of total market	100	100	75

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

**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
Other SACU producers market share as a % of total market	0	0	0
Alleged dumped imports as a % of total market	100	111	134
Other Imports' market share as a % of total market	100	109	97

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

Table 7.2.3 (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. Alleged dumped imports market share increased by 19 index points from 2018/19 to 2019/20, further

increased by 24 index points from 2019/20 to 2020/21 and increased by 43 points during the POI. Other imports market share increased by 12 index points from 2018/19 to 2019/20, decreased by 6 index points from 2019/20 to 2020/21 and increased by 6 index points during the POI.

Table 7.2.3 (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. Alleged dumped imports market share decreased by 5 index points from 2018/19 to 2019/20, increased by 17 index points from 2019/20 to 2020/21 and increased by 12 index points during the POI. Other imports market share remained constant from 2018/19 to 2019/20, decreased by 25 index points from 2019/20 to 2020/21 and decreased by 25 index points during the POI.

Table 7.2.3 (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. Alleged dumped imports market share increased by 11 index points from 2018/19 to 2019/20, further increased by 23 index points from 2019/20 to 2020/21 and increased by 34 index points during the POI. Other imports market share increased by 9 index points from 2018/19 to 2019/20, decreased by 12 index points from 2019/20 to 2020/21 and decreased by 3 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 China causing the SACU Industry to suffer material injury.

### **Commission's consideration**

The applicant's own imports are included under the alleged dumped imports and other imports market share and for a clear analysis of those own imports, Section 7.2.2 provides a clear demonstration and analysis. The Commission considered that the alleged dumped imports market share constitute 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 price undercutting, but did not experience price depression and price suppression.

### 7.4 CONSEQUENT IMPACT OF DUMPED IMPORTS

**Table 7.4: Material Injury Indicators**

	Analysis (2018/19 – 2020/21)
Price depression/suppression	Negative
Price undercutting	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 ADA**

Tariff subheading	Subject product	2018/19	2019/20	2020/21	% Change 2018-2021
<b>FOB prices for imports not sold at dumped prices (R)</b>					
HS 4011.10.01	Rim size not exceeding 33cm (13 inches)	349.35	309.94	296.73	-15.1%
HS 4011.10.03	Rim size of 35 cm (14 inches)	302.13	287.74	301.17	-0.3%
HS 4011.10.05	Rim size of 38 cm (15 inches)	394.54	404.71	362.82	-8.0%
HS 4011.10.07	Rim size of 41 cm (16 inches)	593.06	571.68	571.76	-3.6%
HS 4011.10.09	Rim size of 43 cm (17 inches) or more	1 085.50	1 019.19	1 090.53	0.5%
HS 4011.20.16	Rim size not exceeding 35 cm (14 inches)	628.76	617.86	593.82	-5.6%
HS 4011.20.18	Rim size of 38 cm (15 inches) or more	1 009.49	1 022.84	1 059.07	4.9%
HS 4011.20.26	Rim size exceeding 51 cm (20 inches)	2 829.14	2 853.93	2 925.15	3.4%
<b>Total Tyres for motor cars</b>		2 724.58	2 593.26	2 623.01	-4.7%
<b>Total Tyres for buses and lorries</b>		4 467.39	4 494.63	5 578.04	24.9%
<b>Combined Subject Products</b>		7 191 .97	7 087.89	8 201.05	14.0%

Volume of imports not sold at dumped prices					
HS 4011.10.01	Rim size not exceeding 33cm (13 inches)	45 174	55 999	82 405	82.42%
HS 4011.10.03	Rim size of 35 cm (14 inches)	128 628	142 277	187 953	46.12%
HS 4011.10.05	Rim size of 38 cm (15 inches)	331 518	306 320	426 586	28.68%
HS 4011.10.07	Rim size of 41 cm (16 inches)	391 512	372 505	390 406	-0.28%
HS 4011.10.09	Rim size of 43 cm (17 inches) or more	1 456 865	1 260 324	1 343 013	-7.81%
HS 4011.20.16	Rim size not exceeding 35 cm (14 inches)	116 400	106 764	91 408	-21.47%
HS 4011.20.18	Rim size of 38 cm (15 inches) or more	367 136	364 063	362 863	-1.16%
HS 4011.20.26	Rim size exceeding 51 cm (20 inches)	367 752	272 298	222 333	-39.54%
<b>Total Motor Cars</b>		<b>2 353 697</b>	<b>2 137 425</b>	<b>2 430 363</b>	<b>3.26%</b>
<b>Total Buses and Lorries</b>		<b>851 288</b>	<b>743 125</b>	<b>676 604</b>	<b>-20.52%</b>
<b>Combined Subject Products</b>		<b>3 204 985</b>	<b>2 880 550</b>	<b>3 106 967</b>	<b>-3.06%</b>
Changes in demand and patterns of consumption	<p>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 for the POI, whilst the import volume from China 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 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 China 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 China in place, ranging between 20.73 and 116.73 percent.</p>				



Developments in technology	The Applicant stated that there were no known recent developments in technology that would place it at a disadvantage.
Export performance of the domestic industry	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 being under 1 per cent.
Productivity of the domestic industry	The Applicant stated that productivity compares favourably 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.
Indicate any other factors affecting the SACU prices	The Applicant stated that it is unaware of other factors affecting SACU prices.
Strikes, go-slows or lockouts during the past twelve calendar months	<ul style="list-style-type: none"> <li>• Bridgestone and Continental did not experience any labour actions that impacted negatively on production during this period.</li> <li>• Goodyear manufacturing associates embarked on an illegal strike during March 2021, which lasted 3 weeks.</li> <li>• In Sumitomo there was a strike from 10 February to 27 February 2021, in relation to a shift pattern change and the matter was resolved.</li> </ul>
Changes in the exchange rates	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.

### **Commission's consideration**

The Commission considered that COVID did not only affect the SACU market. It affected China as well, which experienced stricter lockdowns. Therefore it is clear that if there was no COVID, imports from the PRC in 2019/2020 and 2020/2021 would have been higher than the already high volumes shown in Table 7.2.1.

### **Comments from interested parties**

- (i) ITAC should analyse the impact on SACU prices of the subject products, whether they are as a result of the alleged dumped imports or other factors such as raw material price increases, etc.
- (ii) Based on publicly available information, more than 85% (on average) of goods sold by members of SATMC (Applicant) are imported.

### **Comments from the Applicant**

There is no publicly available records on the Applicant's own imports, as interested parties allege, and if such exists interested parties should substantiate their claim with the publicly available information.

### **Commission's consideration**

- (i) The Commission notes that raw material prices are globally traded and therefore their increase affects all countries and not only SACU producers. The Commission in its assessment also takes into account the impact of costs of production and all other factors that may affect the SACU industry.
- (ii) The allegations by interested parties on own imports does not support information provided by SATMC and its members, which was verified by the Commission to ascertain its accuracy and adequacy as per the ADR and ADA.

Based on the information above, the Commission made a preliminary determination that there is a causal link between the alleged dumped imports and material injury and a threat of material injury experienced by the SACU industry and there were no other factors sufficiently detracting from causal link.

## **8. SUMMARY OF FINDINGS**

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### **8.1 Dumping**

The Commission made a preliminary determination that the dumping 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 and decided to calculate a weighted average dumping margin for all tariff sub-headings. A weighted average dumping margin of 39.10 percent was calculated.

### **8.2 Material Injury**

The Commission found that the applicant was experiencing material injury in the form of:

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

Based on this information, the Commission made a preliminary determination that the SACU industry is experiencing material injury.

### **8.3 Threat of Material Injury**

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

### **8.4 Causal Link**

The Commission made a preliminary determination that there is a causal link between the alleged dumped imports and material injury and a threat of material injury experienced by the SACU industry and there were no other factors sufficiently detracting from causal link.

## **9. PROVISIONAL PAYMENTS**

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**9.1** The Commission found that all requirements for the imposition of a provisional duty have been fulfilled.

### **9.2 The Lesser duty rule**

The lesser duty means that the provisional payment or anti-dumping duty is imposed at a lesser of the margin of dumping or the margin of injury, which is deemed sufficient to remove the injury caused by the dumping.

Regulation 17 of the ADR provides that the Commissions shall consider applying the lesser duty rule if both the cooperating exporter responds fully with its related importer. The Commission made a preliminary determination not to apply the lesser duty rule.

### **9.3 Amount of provisional payments**

The amount of provisional payments was concluded to be 38.33 percent *ad valorem* applicable to all tariff-subheadings of the subject products.

## 10. DETERMINATION

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The Commission made a preliminary determination that:

- 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 is taking place,
- the SACU industry is thereby experiencing material injury and a threat of material injury;
- A causal link between the alleged dumped imports and the material injury and a threat of material injury experienced by the SACU industry exists; and

The Commission therefore decided to request the Commissioner of SARS to impose provisional measures of 38.33 percent *ad valorem* for a period of six months on imports of the subject products originating in or imported from the PRC classifiable under the following tariff sub-headings:

**Table 10: Applicable tariff subheadings (8-digits level)**

Tariff-subheading	Tariff description
<b>New pneumatic tyres, of rubber:</b>	
	<b>- Of a kind used on motor cars (including station wagons and racing cars):</b>
4011.10.01	- - Having a rim size not exceeding 33 cm (13 inches)
4011.10.03	- - Having a rim size of 35 cm (14 inches)
4011.10.05	- - Having a rim size of 38 cm (15 inches)
4011.10.07	- - Having a rim size of 41 cm (16 inches)
4011.10.09	-- Having a rim size of 43 cm ( 17 inches) or more
	<b>- Of a kind used on buses or Lorries:</b>
4011.20.16	- - - Having a rim size not exceeding 35 cm (14 inches)
4011.20.18	- - - Having a rim size of 38 cm (15 inches) or more
4011.20.26	- - - Having a rim size exceeding 51 cm (20 inches)

Interested parties are invited to submit comments and make representations on the preliminary determination within the specified time periods, which the Commission will consider prior to making its final determination and recommendation to the Minister of Trade, Industry and Competition.