
GENERAL NOTICES • ALGEMENE KENNISGEWINGS

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NOTICE 1392 OF 2022

INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

NOTICE OF INITIATION OF SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON IMPORTS OF FROZEN BONE-IN PORTIONS OF FOWLS OF THE SPECIES *GALLUS DOMESTICUS* ORIGINATING IN OR IMPORTED FROM THE UNITED STATES OF AMERICA

In accordance with the provisions in Article 11.3 of the World Trade Organization Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade, any definitive anti-dumping duty shall be terminated on a date not later than five years from its imposition, unless the authorities determine, in a review initiated before that date, on their own initiative or upon a duly substantiated request made by or on behalf of the domestic industry within a reasonable period of time prior to that date, that the expiry of the duties would likely lead to continuation or recurrence of dumping and injury.

On 25 June 2021, the International Trade Administration Commission of South Africa ("the Commission") notified interested parties through Notice No. 387 of 2021 in *Government Gazette* No. 44761, that unless a substantiated request is made indicating that the expiry of the anti-dumping duties against imports of frozen bone-in portions originating in or imported from the United States of America ("USA") would likely lead to the continuation or recurrence of dumping and material injury, the anti-dumping duties on frozen bone-in portions originating in or imported from USA, would expire on 23 November 2022.

A response to the sunset review questionnaire was received from the South African Poultry Association ("SAPA") on behalf of the Southern African Customs Union ("SACU") industry on 04 July 2022.

THE APPLICANT

The application was lodged by the South African Poultry Association ("SAPA" or "the Applicant") on behalf of the SACU industry and the information was provided by the following producers: County Fair, a division of Astral Operations Limited ("Astral County Fair"), Festive, a division of Astral Operations Limited ("Astral Festive"), Goldi, a division of Astral Operations Limited ("Astral Goldi"), Afgri Poultry (Proprietary) Limited, t/a Daybreak Farms ("Daybreak"), Grain Field Chickens Proprietary Limited ("Grain Field"), RCL Foods Consumer Proprietary Limited ("RCL Foods"), Crown Chickens Proprietary Limited t/a Sovereign Foods, which is a subsidiary of Sovereign Food Investments Proprietary Limited ("Sovereign"); and Supreme Poultry Proprietary Limited ("Supreme").

The Applicant alleges that the expiry of the duties would likely lead to the continuation or recurrence of dumping and material injury to the SACU industry. The Applicant submitted sufficient evidence and established a *prima facie* case to enable the Commission to arrive at a reasonable conclusion that a sunset review investigation of the anti-dumping duties on frozen bone-in portions originating in or imported from the USA, should be initiated.

THE PRODUCT

The product allegedly dumped is frozen portions of meat that contain bones, of fowls of the species *Gallus Domesticus* classifiable under tariff subheading 0207.14.9. originating in or imported from the USA,

THE ALLEGATION OF THE CONTINUATION OR RECURRENCE OF DUMPING

The allegation of recurrence of dumping is based on the comparison between the normal values and the export prices.

The applicant alleged that sales in the USA with regard to bone-in portions are not in the ordinary course of trade as bone-in portions are sold below cost. According to the

Applicant, this is as a result of a particular situation which exists in the USA domestic market as USA consumers prefer “white meat” over “brown meat”.

To substantiate this anomaly (white over brown meat preference) in the USA with regard to frozen bone-in chicken portions the Applicant stated the following:

- The subject product exported to SACU is bone-in portions consisting wholly of brown meat.
- This is apparent from verifications undertaken by the Commission on previous occasions and based on information that was supplied by the Applicant.
- Distinction between South Africa and USA markets is in the frozen market where in the USA exists a clear preference for white meat over brown meat. This was already confirmed by the Commission in the previous investigations.

The Applicant stated that as a result of the particular market situation in the USA, bone-in portions are sold below cost and not in the ordinary course of trade. Therefore, the Commission should construct the normal value in terms of section 32(2)(b)(ii) (aa) of the International Trade Administration Act (the "ITA Act").

In calculating the normal value for the USA, the Applicant provided constructed normal value based on the price for a whole broiler provided in the '*USDA Weekly National Whole Broiler/Fryer Report*' produced by the US Department of Agriculture. The constructed normal value was determined by taking into consideration the weighted average cost allocation method that allocates costs equally between cuts of the chicken, the per unit costs of the whole bird are the same as the per unit costs for the subject product.

In calculating the export price for the USA, the official South African Revenue Service (“SARS”) statistics for the period 01 January 2021 to 31 December 2021 were used.

The dumping margin was determined as follows:

| Cuts | Sub-tariff heading | Dumping margin percentage |
|-------------------------|--------------------|---------------------------|
| Frozen bone-in portions | 0207.14.90 | 185.39% |
| Whole bird cut in half | 0207.14.91 | 175.00% |
| Frozen Leg quarters | 020714.93 | 182.05% |
| Frozen Wings | 020714.95 | 175.00% |
| Frozen Breasts | 020714.96 | 175.00% |
| Frozen Thighs | 020714.97 | 279.31% |
| Frozen Drumsticks | 020714.98 | 175.00% |
| Other | 020714.99 | 175.00% |

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

THE ALLEGATION OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY

The Applicant alleges and submitted sufficient evidence to show that it would experience an increase in imports, price depression, and price suppression, and a decline in output, productivity, capital expenditure, capacity utilization, investment, cash flow, and growth if the duties expires.

On this basis, the Commission found that there was *prima facie* proof of the continuation or recurrence of material injury if the duty expires.

PERIOD OF INVESTIGATION

The investigation period for dumping is from 01 January 2021 to 31 December 2021 and the injury investigation involves the evaluation of the data for the period 01 January 2019 to 31 December 2021. The Commission will also consider estimates of what the situation be, if the anti-dumping duty expires.

PROCEDURAL FRAMEWORK

Having decided that there is sufficient evidence and a *prima facie* case to justify the initiation of an investigation, the Commission has begun an investigation in terms of section 16 of the International Trade Administration Act, 2002 ("the ITA Act"). The Commission will conduct its investigation in accordance with the relevant sections of the ITA Act, the World Trade Organisation Agreement on Implementation of Article VI of the GATT 1994 ("the Anti-Dumping Agreement") and the Anti-Dumping Regulations of the International Trade Administration Commission of South Africa ("ADR"). Both the ITA Act and the ADR are available on the Commission's website (www.itac.org.za) or from the Trade Remedies section, on request.

In order to obtain the information, it deems necessary for its investigation, the Commission will send non-confidential versions of the application and questionnaires to all known importers and exporters and known representative associations. The trade representative of the country of origin has also been notified. Importers and other interested parties are invited to contact the Commission as soon as possible in order to determine whether they have been listed and were furnished with the relevant documentation. If not, they should immediately ensure that they are sent copies. The questionnaire has to be completed and any other representations must be made within the time limit set out below.

CONFIDENTIAL INFORMATION

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

- X where confidential information has been omitted and the nature of such information;
- X reasons for such confidentiality;

- X a summary of the confidential information which permits a reasonable understanding of the substance of the confidential information; and
- X in exceptional cases, where information is not susceptible to summary, reasons must be submitted to this effect.

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

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

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

Section 2.3 of the ADR provides as follows:

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

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

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

ADDRESS

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

Physical address

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

Postal address

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

PROCEDURES AND TIME LIMITS

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

day of its dispatch.

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

The information submitted by any party may need to be verified by the Investigating Officers in order for the Commission to take such information into consideration. The Commission may verify the information at the premises of the party submitting the information, within a short period after the submission of the information to the Commission. Parties should therefore ensure that the information submitted would subsequently be available for verification. Specifically, it is planned to verify the information submitted by the foreign producers within three to five weeks subsequent to the submission of the information. This period will only be extended if it is not feasible for the Commission to do it within this time period or upon good cause shown, and with the prior written consent of the Commission, which should be requested at the time of the submission. It should be noted that unavailability of, or inconvenience to appointed representatives, will not be considered to be good cause.

Parties should also ensure when they engage representatives that they will be available at the requisite times, to ensure compliance with the above time frames. Parties should also ensure that all the information requested in the applicable questionnaire is provided in the specified detail and format. The questionnaires are designed to ensure that the Commission is provided with all the information required to make a determination in accordance with the ITA Act and the ADR. The Commission may therefore refuse to verify information that is incomplete or does not comply with the format in the questionnaire, unless the Commission has agreed in writing to a deviation from the

required format.

A failure to submit a non-confidential version of the response that complies with the rules set out above under the heading *Confidential Information* will be regarded as an incomplete submission.

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

Any interested party may request an oral hearing at any stage of the investigation in accordance with Section 5 of the ADR, provided that the party indicates reasons for not relying on written submissions only. The Commission may refuse an oral hearing if granting such hearing will unduly delay the finalisation of a determination. Parties requesting an oral hearing must provide the Commission with a detailed agenda for, and a detailed version, including a non-confidential version, of the information to be discussed at the oral hearing at the time of the request.

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

Should you have any queries, please do not hesitate to contact Mr Busman Makakola at BMakakola@itac.org.za or Ms Mosa Sebe at Msebe@itac.org.za or Mr Thabelo Tshikomba at TTshikomba@itac.org.za.