

LEGAL NOTICE NO. 86

REPUBLIC OF TRINIDAD AND TOBAGO

THE ANTI-DUMPING AND COUNTERVAILING DUTIES ACT, 1992

AND

THE ANTI-DUMPING AND COUNTERVAILING DUTIES REGULATIONS, 1996

*Made by the Minister in accordance with section 24 of the Anti-dumping
and Countervailing Duties Act*

NOTICE

PRELIMINARY DETERMINATION BY THE HONOURABLE
MINISTER OF TRADE AND INDUSTRY AND CONSUMER
AFFAIRS ARISING OUT OF THE INVESTIGATION INTO
THE ALLEGATION OF DUMPING OF WOVEN
POLYPROPYLENE BAGS ORIGINATING IN THE PEOPLE'S
REPUBLIC OF CHINA

IN ACCORDANCE with the Anti-dumping and Countervailing Duties Act No. 11 of 1992
(hereinafter referred to as “the Act”) and the Anti-dumping and Countervailing
and Countervailing Duties Regulations, (hereinafter referred to as “the L. N. No. 25 of
Regulations”) the Minister of Trade and Industry and Consumer 1996
Affairs, has made a preliminary determination that the good, woven
polypropylene bags originating in the People's Republic of China is a
good in respect of which he may make an Order imposing duty.

CASE HISTORY

By Legal Notice No. 76 of 1999, the Anti-dumping Authority of the
Ministry of Trade and Industry and Consumer Affairs (hereinafter
referred to as “the Authority”) announced the initiation of an anti-
dumping investigation concerning imports of woven polypropylene bags,
originating in the People's Republic of China.

COMPLAINT

The investigation was initiated as a consequence of a complaint
lodged on November 13, 1998, by the local manufacturer of woven
polypropylene bags, Rinn Industries Limited. The complainant alleged
that imports of woven polypropylene bags originating in the People's
Republic of China are being dumped on the local market and provided
sufficient *prima facie* evidence of dumping, and injury and a causal link
between dumping and injury. The exporter was identified as Great
Kancan Enterprises Inc. of Taiwan R.O.C..

Preliminary Determination by the Honourable Minister of Trade and Industry and Consumer Affairs arising out of the investigation into allegation of dumping of woven polypropylene Bags originating in the People's Republic of China.

THE PRODUCT

The product, woven polypropylene bags, was the subject of the investigation and is currently classified under the Customs H.S. Code 6305.33. The production of the said bags involves the following processes:

- (a) Extrusion;
- (b) Weaving;
- (c) Cutting;
- (d) Sewing;
- (e) Clipping;
- (f) Printing; and
- (g) Baling

The producers of woven polypropylene bags in Trinidad and Tobago are Rinn Industries Limited and Industrial Bags Limited.

PROCEDURE

Having determined that the complaint has been lodged on behalf of the local industry in respect of which the complainant accounts for 52% of domestic production and that there was no opposition to the complaint from members of the industry to which the complainant belongs, the Authority caused a preliminary hearing to be held on December 8, 1998.

The Authority officially notified the complainant, the importers known to be concerned, the foreign exporter and the Government of the producing country of the preliminary hearing. The Authority was officially advised of the receipt of the said complaint, and gave the said parties and all parties directly concerned the opportunity to make their views known. The initiation of the formal investigation was commenced and questionnaires were dispatched to all interested parties. On two occasions questionnaires were forwarded to the exporter but to date no response has been received. In view of this, the Authority decided to proceed expeditiously with regard to reaching a preliminary determination based on the facts made available in accordance with section 14 of the Act.

The investigation of dumping and injury covered the period from July, 1998 to July, 1999.

DUMPING

Normal Value

The Authority recognizing that—

- (1) the People's Republic of China is a non-market economy;
and
- (2) the country of origin of the dumped product is the People's Republic of China, while the country of export is Taiwan, Republic of China,

sought information regarding the normal value from India and Hong Kong, both of which are market economies and produce woven polypropylene bags. However, no such information was obtained. Information was also requested from the exporter in respect of the normal value of woven polypropylene bags in Taiwan. However, no such information was made available. As a result the normal value was calculated based on the average price for woven polypropylene bags in the ordinary course of trade in the People's Republic of China. Evidence of normal value was provided in written quotations from producers in the People's Republic of China.

Export Price

In establishing the export price the Authority based its determination on evidence in the form of a pro-forma invoice from the exporter.

Dumping Margin

Following a price comparison between the normal value and the export price, the dumping margin was calculated as a percentage of the CIF (Cost, Insurance, Freight) price. The Authority concluded that there existed a dumping margin of 45%.

Injury

- (1) TOTAL CONSUMPTION

The Authority calculated total consumption of woven polypropylene bags by adding the local manufactures' sales to the total imports into Trinidad and Tobago. Total consumption was estimated as being 548,091 kgs in 1996, 580,858 kgs in 1997, 539,399 kgs in 1998 and 391,712 kgs for the period January to July, 1999.

(2) FACTORS RELATING TO DUMPED IMPORTS

(a) *Volume of dumped imports*

Total trade imports of woven polypropylene bags, originating in the People's Republic of China for the period January, 1995 to May, 1999 were obtained from the Central Statistical Office (CSO). The People's Republic of China was the largest exporter of woven polypropylene bags to Trinidad and Tobago from 1995 to May, 1999. The volume of dumped imports on the domestic market increased by 14% from 1996 to 1997. Total imports for the January to May, 1999 (5 months) was 4% more than imports for all of 1998 (12 months). During the investigation period two shipments of the said product arrived in Trinidad and Tobago from the People's Republic of China.

(b) *Market Share*

The imports from the People's Republic of China during the investigation period corresponded to an increase of the foreign exporter's market share from approximately 35% in 1996/1997 to 55% in 1998/1999.

(c) *Prices*

During the investigation period woven polypropylene bags were imported at prices which undercut those of the complainant.

(3) FACTORS RELATING TO THE STATE OF THE COMPLAINANT'S COMPANY—
RINN INDUSTRIES LIMITED (RIL)

(a) *Sales*

RIL's domestic sales decreased by 22% from 1997 to 1998.

(b) *Total Production*

A comparison of total production data for the same ten month period in 1997 and 1998 was made and a reduction of 15% was observed. From a production of 96% in 1997, 58% was sold on the domestic market. In 1998, 36% was sold locally from a production of 82%. This resulted in an estimated 37% loss in market share.

(c) Capacity Utilisation

For the period 1997 to 1998 capacity utilization decreased from 88% to 79%. During the investigation period the company was operating at 50% of its production capacity as the stock levels increased continuously.

(d) Profitability

The decline in sales volume from 1997 to 1998 and the reduction in the selling price of bags adversely affected the profitability of RIL.

(e) Prices

The company's unit cost of production plus a reasonable profit margin would have resulted in a minimum price of \$1.48/bag. Notwithstanding this the company has maintained a price of \$1.25/bag for 17 years. As a result of the importation of the dumped product, the company was forced to reduce prices to approximately \$1.10/bag.

(f) Cash Flow

The cash flow for the investigation period reflected an increase in the bank overdraft due to the reduced volume of sales and prices on the domestic market.

(g) Employment

RIL has been constrained to dismiss staff as a result of reduced production. Full time and part time staff were reduced by 15% and 26% respectively.

In view of the facts stated above and in particular light of the decline in production, sales and market share, the Authority concluded for the purpose of its preliminary finding, that RINN Industries Limited has suffered material injury within the terms of the Act.

(4) CASUAL LINK BETWEEN THE DUMPED IMPORTS AND THE INJURY

The Authority examined whether there was a casual link between the dumped imports and the injury suffered by the domestic industry and whether other factors caused or contributed to that injury. The Authority considered the effect of the dumped imports and found that the increase in volume, sales and markets share of the dumped imports was also reflected in a decrease in the volume, sales and market share of the local industry.

Preliminary Determination by the Honourable Minister of Trade and Industry and Consumer Affairs arising out of the investigation into allegation of dumping of woven polypropylene Bags originating in the People's Republic of China.

CONCLUSION

In light of the above findings, the Authority concluded, for the purpose of its preliminary determination, that imports of woven polypropylene bags originating in the People's Republic of China were sold at dumped prices and have caused material injury to this industry.

As a result the Minister of Trade and Industry and Consumer Affairs in accordance with section 24(1) of the Act has made a preliminary determination that woven polypropylene bags, originating in the People's Republic of China is a good in respect of which he may ultimately make an Order imposing duty.

Made this 29th day of March, 2000.

M. ASSAM
*Minister of Trade and Industry
and Consumer Affairs*

