

Report No. 757

INVESTIGATION INTO THE ALLEGED CIRCUMVENTION OF THE ANTI-DUMPING DUTIES ON WINDSCREENS FOR VEHICLES CLASSIFIABLE UNDER TARIFF SUBHEADING 7007.21.20, TO BE USED IN THE SOUTHERN AFRICAN CUSTOMS UNION (“SACU”) MARKET AS REPLACEMENT GLASS IN THE AFTERMARKET THROUGH COUNTRY HOPPING FROM THE PEOPLE’S REPUBLIC OF CHINA (“CHINA”) TO MALAYSIA: PRELIMINARY DETERMINATION

The International Trade Administration Commission of South Africa herewith presents its **Report No. 757: INVESTIGATION INTO THE ALLEGED CIRCUMVENTION OF THE ANTI-DUMPING DUTIES ON WINDSCREENS FOR VEHICLES CLASSIFIABLE UNDER TARIFF SUBHEADING 7007.21.20, TO BE USED IN THE SOUTHERN AFRICAN CUSTOMS UNION (“SACU”) MARKET AS REPLACEMENT GLASS IN THE AFTERMARKET THROUGH COUNTRY HOPPING FROM THE PEOPLE’S REPUBLIC OF CHINA (“CHINA”) TO MALAYSIA: PRELIMINARY DETERMINATION**



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CHIEF COMMISSIONER

PRETORIA
14 / 10 / 2025

1. APPLICATION AND PROCEDURE

1.1 This investigation is conducted in accordance with the International Trade Administration Act, 2002 ("ITA Act") and the International Trade Administration Commission Anti-Dumping Regulations ("ADR") and giving due regard to the WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 ("the Anti-Dumping Agreement").

1.2 Article 60 of the ADR states as follows:

60.1 "Other than circumvention contemplated in subsections 2(a) [*which refers to improper declaration*] and (d) [*which refers to absorption of the anti-dumping duty*], circumvention shall be deemed to take place if one or more of the following conditions are met:

- (a) a change in the pattern of trade between third countries and South Africa or the common customs area of SACU;
 - (i) which results from a practice, process or work;
 - (ii) for which there is no or insufficient cause or economic justification other than the imposition of the anti-dumping duty;
- (b) remedial effects of the anti-dumping measure are being undermined in terms of volumes or prices of the products under investigation;
- (c) dumping can be found in relation to normal values previously established for the like or similar products.

Section 60.2 of the ADR provides a list of types of circumvention that should be treated separately, and country hopping is one of the types of circumvention.

ADR 60.8 states that "*Country hopping shall be deemed to take place if imports, following the imposition of anti-dumping duties or provisional payment or the initiation of an anti-dumping investigation switch to a supplier related to the supplier against which an anti-dumping investigation has been or is being conducted and that is based in another country or customs territory*".

1.3 APPLICANT

The application was lodged by Shatterprufe, a division of PG Group (Proprietary) Limited (“the Applicant”) one of four main manufacturers in the SACU industry.

1.4 ALLEGATIONS BY THE APPLICANT

The Applicant alleged that, subsequent to the imposition of the provisional payments and definitive anti-dumping duties on imports of windscreens for vehicles to be used in the SACU market as replacement glass in the aftermarket originating in or imported from China, Chinese exporters shifted sourcing of the subject product from China to some of their related companies in Malaysia. Hence the allegation of country hopping.

1.5 ACCEPTANCE OF APPLICATION

The application was accepted by the Commission as being properly documented in accordance with ADR 21.

1.6 INVESTIGATION PROCESS

On 07 March 2025, the Commission initiated an investigation into the alleged circumvention through country hopping through Notice No. 3037 of 2025 in Government Gazette No. 52227.

On 11 March 2025, all known interested parties were sent an initiation letter, including the initiation notice, non-confidential version of the application, the Commission's exporter and importer questionnaires.

1.7 INVESTIGATION PERIODS

Dumping: 1 January 2024 – 31 October 2024

Circumvention:

- January to December 2022 - 12 months before provisional payments (“PPs”)
- January to December 2023 - 12 months after provisional payments (“PPs”)
- January to October 2024 – 10 months after final duties (“FDs”)

1.8 COMMENTS

The Commission considered comments received from interested parties with regard to the application and procedure. Non-confidential versions of these comments are available on the public file.

Comments by MyGlass on the Commission’s initiation notice

MyGlass is an independently owned fitment centre that neither imports nor exports glass and does not own a glass manufacturing company. They mentioned that the Applicant has lodged another investigation, raising concerns about whether the Applicant, as a dominant player in the SACU market, is attempting to eliminate competition. MyGlass stated that the motor glass replacement industry in South Africa has remained tightly controlled for years, with wholesale prices primarily dictated by the Applicant, which has allowed monopolies to persist.

Response by the Applicant

The Applicant stated that it is not the only windscreen manufacturer in SACU. Instead, imported windscreens hold a dominant position in the SACU Aftermarket Replacement Glass (ARG) market, not the Applicant. Given the market situation in SACU, where import volumes are predominant and the Applicant is forced to sell the product at suppressed and depressed prices, it is impossible for the Applicant to act in a monopolistic manner, as MyGlass has claimed. The factual submissions provided to the Commission clearly indicate that the Applicant operates as a price taker rather than a price setter.

Commission's consideration

The Commission considered that the investigation was initiated based on evidence provided by the Applicant, which demonstrated that following the introduction of imposition of the provisional payments and definitive anti-dumping duties on imports of windscreens for vehicles to be used in the SACU market as replacement glass in the aftermarket originating in or imported from China, Chinese exporters have shifted sourcing of the subject product from China to some of their related companies in Malaysia and there has been a change of pattern on the imports over different sets of periods. Such imports are causing material injury in the SACU market.

The Commission considered that this investigation envisages to, at most, level the playing field between the alleged dumped imported products and the SACU produced products and not to defend a monopoly. Allegations of monopoly may be referred to the Competition Commission for its consideration.

1.9 PARTIES CONCERNED

1.9.1 SACU industry

The SACU industry consists of four manufacturers of the subject product, the Applicant being one of them.

1.9.2 Responses by Foreign Manufacturers/Exporters/Importers

On 19 March 2025, a request for extension was received from Wholesale Motor Glass (Pty) Ltd ("WMG"). The request for extension was granted. The deadline for an extension was granted until 01 May 2025.

On 04 April 2025, a request for an extension was received from Xinyi Energy Smart (Malaysia) SDN BHD ("Xinyi Energy"), a manufacturer and exporter of the subject product in Malaysia. The deadline for the extension was granted until 30 April 2025. On 23 April 2025, a request for further extension was received

from Xinyi Energy. The further extension was granted and the deadline to respond was 14 May 2025.

On 14 May 2025, Xinyi Energy submitted its response to the Commission's exporter's questionnaire. A deficiency letter was sent on 28 May 2025. On 04 June 2025 an updated response to the Commission's deficiency letter was received. Verification of Xinyi Energy's information was conducted from 14 to 15 July 2025.

The Commission made a preliminary determination to take Xinyi Energy's information into consideration for purposes of its preliminary determination.

On 16 April 2025, Grandmark (Pty) Ltd ("Grandmark") submitted its response to the Commission's importer questionnaire and a deficiency letter was sent on 14 May 2025. On 21 May 2025, a response was received to the Commission's deficiency letter. The updated response from Grandmark was found to be deficient.

In the updated response received, Grandmark only submitted revised annexures, but not the updated confidential and non-confidential responses to the questionnaire as required. Furthermore, information provided in Annexures B2.1, B2.2, and B3.1 was in PDF format rather than in Excel format. As a result, the Investigators were unable to conduct a thorough review.

On 30 May 2025, Grandmark was advised that the response was regarded as deficient and that the Commission may decide not to take its information into consideration for purposes of the preliminary determination.

The Commission made a preliminary determination not to take Grandmark's information into consideration for the purposes of its preliminary determination.

On 02 May 2025, WMG submitted its response to the Commission's importers questionnaire and a deficiency letter was sent on 13 May 2025.

On 20 May 2025, an updated response was received to the Commission's deficiency letter. Verification of WMG's information was conducted on 11 August 2025.

1.10 RELATEDNESS

The Xinyi Glass Group is one of the world's largest integrated glass manufacturers and producer and seller of the subject product. Xinyi Glass Holdings is headquartered in Hong Kong, China. It has a sales network covering over 140 countries and regions around the world, including Xinyi Energy Smart (M) Sdn Bhd in Malaysia.

One of Xinyi Glass Group overseas plant is the Xinyi Malaysia industrial park, which was established in 2016 and is the first overseas manufacturing base of the Xinyi group. It mainly manufactures quality float glass, coated glass and automobile glass.

1.11 PRELIMINARY DETERMINATION

The Commission made a preliminary determination that:

- circumvention in the form of country hopping is taking place;
- dumping of the subject product originating in or imported from Malaysia is taking place; and
- the SACU industry is experiencing material injury and a threat of material injury.

The Commission therefore decided to request the Commissioner of SARS to impose the following provisional measures for a period of six months on windscreens for vehicles to be used in the Southern African Customs Union market as replacement glass in the aftermarket classifiable under tariff sub-headings 7007.21.20 originating in or imported from Malaysia.

The Commission further made a preliminary determination to impose the same measures on front windscreens (windshields) classified under tariff subheading 8708.22.10. This is based on the concern that the proposed anti-dumping provisional measures on subheading 7007.21.20 may be circumvented through the importation of similar goods under subheading 8708.22.10. which could potentially undermine the effectiveness of the proposed anti-dumping measures:

Tariff subheading	Producer	Rate of provisional payment
HS 7007.21.20	Xinyi Energy Smart (Malaysia) Sdn Bhd	24,63%
	All the other producers (excluding Xinyi Energy Smart (Malaysia) Sdn Bhd)	29,05%
HS 8708.22.10	Xinyi Energy Smart (Malaysia) Sdn Bhd	24,63%
	All the other producers (excluding Xinyi Energy Smart (Malaysia) Sdn Bhd)	29,05%

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Description

The subject product of this application is laminated safety glass suitable for the incorporation in vehicles generally referred to as windscreens for vehicles, to be used in the SACU market as replacement glass in the aftermarket ("ARG") ("subject product").

2.1.2 Country of origin/export

The subject product originates in and is imported from Malaysia.

2.1.3 Possible tariff loopholes

In the original investigation, the Applicant indicated that it is possible that the subject product could be imported under HS tariff subheading 7007.11 as toughened (tempered) safety glass, suitable for the incorporation in vehicles, which attracts a 15 percent *ad valorem* ordinary customs duty to circumvent the payment of 30 percent *ad valorem* ordinary customs duty on the subject product.

The Applicant further indicated it is also possible that the subject product, which should be classified as per the tariff subheading 7007.21.20, can be imported under HS Tariff subheading 8708.22 as parts and accessories of the motor vehicles of headings 87.01 to 87.05 to circumvent the payment of the duty.

Comments by Wholesale Motor Glass (Pty) Ltd (“WMG”)

WMG, the importer of the subject product responded to the Commission’s initiation of this investigation. WMG stated that prior to the Commission’s initiation of the circumvention investigation, it was subjected to a separate and independent investigation by the South African Revenue Service (SARS) concerning the tariff classification of its imported glass products.

According to WMG, SARS detained certain container, alleging incorrect classification of laminated windscreens for motor vehicles, arguing that the products were correctly classified under tariff code 8708.22. SARS conducted a physical inspection and initially concluded that the goods were incorrectly declared under tariff heading 8708.22.00(5) instead of 7007.21.20(3), citing contraventions of Sections 40(1) and 47(1) of the Customs and Excise Act, No. 91 of 1964.

WMG stated that it was afforded an opportunity to appeal the findings. It submitted a detailed appeal through its clearing agent, reiterating that the goods were correctly classified, and that no contravention had occurred. Upon review, SARS accepted WMG’s arguments and conceded that the laminated windscreens were correctly classified under tariff subheading 8708.22, as per the General Rules for the Interpretation of the Harmonized System (GRI 1 and 6).

WMG also stated that in addition to the SARS investigation, it has also been subjected to multiple inspections by the National Regulator for Compulsory Specifications (NCRS). These inspections involved the stopping and examination of imported containers. In each instance, the goods were correctly identified and subsequently released by NCRS inspectors, confirming that the imports were compliant and correctly classified under tariff code 8708.22.

WMG stated the following in conclusion:

- *It has been thoroughly investigated by both SARS and NCRS, two independent government institutions, and has successfully demonstrated that its glass imports fall under the correct tariff code, 8708.22.*
- *Both SARS and NCRS confirmed that WMG's imports were correctly classified, thereby eliminating any basis for the claim that WMG circumvented anti-dumping duties through "tariff hopping."*
- *The tariff code 8708.22 is not subject to the anti-dumping duties applicable to glass products from China, and WMG's imports from China under this code are therefore fully compliant.*

According to WMG, these findings collectively confirm that WMG did not engage in tariff misclassification or circumvention practices and that its import activities are in full compliance with applicable customs and trade regulations.

Commission's consideration

The Commission considered that in addition to the investigations conducted by SARS and NCRS, the Commission conducted on-site verifications at the premises of the manufacturers in China and Malaysia that supply WMG with laminated windscreens.

During these verifications, it was confirmed that WMG purchased windscreens that are classifiable under tariff subheading 8708.22. However, it was also found that the exporters supplying WMG classify front windscreens under two different tariff codes, depending on the product specifications:

- *Plain windscreens (referred to as low-value) are classified under 7007.21.90.*
- *Windscreens with accessories (referred to as high-value) are classified under 8708.22.*

A consistent feature across the two exporters in China was the use of product codes to distinguish between these two categories. The codes for low-value windscreens contain specific alphabetic identifiers that differ from those used for

high-value windscreens. This coding system was verified during the inspections. And a conclusion can be made that the coding system is consistent through-out these exporters that were verified.

It was also found that WMG imported windscreens that the exporters had classified as low-value (7007.21.90), but WMG itself declared these same products under tariff subheading 8708.22. This discrepancy raises questions regarding the bona fides of WMG's tariff classification practices, despite previous findings by SARS and NCRS.

In the course of the investigation, the Commission utilized verified information pertaining to Malaysia, as WMG also imported the subject products from that country. This comparative analysis was instrumental in corroborating patterns relevant to the case.

It was established that Xinyi Energy Smart (Xinyi Energy) classifies both low-value and high-value products sold domestically in Malaysia and exported to the SACU under tariff sub-heading 7007.21.20. According to Xinyi Energy this sub-heading typically covers toughened (tempered) safety glass or glass that is framed or fitted with electrical components, which is not the subject product under which the anti-dumping duties were imposed.

The Commission is of the view that there are inconsistencies in the tariff classification practices between verified exporters in China, the importer WMG, and the Malaysian exporter. Specifically, verified exporters in China appear to classify low-value windscreens (e.g., plain windscreens) under tariff sub-heading 7007.21.90, while high-value windscreens (e.g., windscreens with accessories) are classified under tariff sub-heading 8708.22. In contrast, WMG declares both low-value and high-value windscreens under tariff sub-heading 8708.22.

On the other hand, the Malaysian exporter classifies both categories of windscreens regardless of whether they are high value or low value under tariff sub-heading 7007.21.10. This discrepancy suggests that there may be flexibility or strategic intent in the classification of windscreens, potentially allowing for the misclassification of products from sub-heading 7007.21.10 to 8708.22 when it is commercially advantageous for either the exporter or the importer.

The above finding raises concerns about the integrity and consistency of tariff classification and may have implications for the application and enforcement of anti-dumping duties on windscreens imported under tariff sub-heading 7007.21.20. This would potentially undermine the effectiveness of the imposed anti-dumping duties and warrants the imposition of the same anti-dumping duties on windscreens imported under tariff sub-heading 8708.22.10.

The South African Revenue Service was consulted regarding the two tariff headings, and it indicated that products of subheadings 7007.21.20 and 8708.22.10 are distinguishable, but the reality is, as long as the two products are not treated the same, there will be a gap for circumvention. They further indicated that they do not foresee any potential implications if the Commission extend the anti-dumping duties to goods of subheading 8708.22.10 in order to level the playing field if there is an alleged circumvention.

Based on the above the Commission made a preliminary determination to impose the same provisional measures on front windscreens (windshields) classified under tariff subheading 8708.22.10. This is based on the concern that the proposed anti-dumping provisional measures on subheading 7007.21.20 may be circumvented through the importation of similar goods under subheading 8708.22.10. which could potentially undermine the effectiveness of the proposed anti-dumping measures.

2.1.4 Tariff classification

The subject product is currently classifiable as follows:

Table 2.1.4

HS Tariff subheading	Description	Statistical unit	Rate of duty					
			General	EU/UK	EFTA	SADC	MERCOSUR	AfCFTA
70.07	Safety glass, consisting of toughened (tempered) or laminated glass:							
7007.2	- Laminated safety glass:							
7007.21	-- Of size and shape suitable for the incorporation in vehicles, aircraft, spacecraft or vessels:							
7007.21.20	--- Windscreens for vehicles	kg	30%	15%	15%	free	30%	15%

Duties in place

The following anti-dumping duties are currently applicable:

Tariff heading	Description	Imported from or originating in	Rate of anti-dumping duty
7007.21.20	Windscreens for vehicles, manufactured by Dongguan Kong Wan Automobile Glass Limited	China	28,39%
7007.21.20	Windscreens for vehicles, manufactured by Xinyi Automobile Glass (Shenzhen) Co., Ltd	China	12,92%
7007.21.20	Windscreens for vehicles, manufactured by Dongguan Benson Automobile Glass Co., Ltd	China	12,92%
7007.21.20	Windscreens for vehicles, (excluding those manufactured by Dongguan Kong Wan Automobile Glass Limited, BSG Auto Glass Co., Ltd, Fuyao Glass Industry Group Co., Ltd, Xinyi Automobile Glass (Shenzhen) Co., Ltd, Dongguan Benson Automobile Glass Co., Ltd)	China	129,15%

2.2 SACU PRODUCT

The SACU product is described as laminated safety glass suitable for the incorporation in vehicles generally referred to as windscreens for vehicles, to be used in the SACU ARG market.

2.3 LIKE PRODUCT ANALYSIS

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

Table 2.3 like product determination

	Imported product	SACU product
Raw materials	Raw glass, poly-vinyl butyral and ceramic paste. Various add-ons such as trims, mirror bosses, brackets, rubber spaces and locators.	Raw glass, poly-vinyl butyral and ceramic paste. Various add-ons such as trims, mirror bosses, bracket, rubber spaces and locators.
Production process	<p>Vehicle windscreens are manufactured from laminated glass, by combining two or more glass sheets bonded with one or more layers of PVB, EVA or TPU interlayers and subjected to heat and pressure, in order to ensure perfect adhesion between the constituent elements.</p> <p>The windscreen manufacture process comprises of the following steps:</p> <p><u>Cutting:</u> The glass is cut, the edges are grinded and drilled. It is then washed and dried.</p> <p><u>Printing:</u> An enamel border is printed on the glass, as well as the logo and the glazing typology.</p> <p><u>Forming:</u> Laminated windshields: The two sheets of glass are put on a skeleton (pairing) and then heated in a furnace at 600°C. Forming is done by gravity and pressing if necessary. The glass is then cooled and separated.</p> <p><u>Lamination:</u> After washing and drying, a cover of polymer interlayer is inserted between the two sheets of glass in a clean room.</p> <p><u>Autoclaving:</u> The glass system is degassed at 140°C for a definitive adhesion of the glass and the interlayer.</p>	<p>Vehicle windscreens are manufactured from laminated glass, by combining two or more glass sheets bonded with one or more layers of PVB, EVA or TPU interlayers and subjected to heat and pressure, in order to ensure perfect adhesion between the constituent elements.</p> <p>The windscreen manufacture process comprises of the following steps:</p> <p><u>Cutting:</u> The glass is cut, the edges are grinded and drilled. It is then washed and dried.</p> <p><u>Printing:</u> An enamel border is printed on the glass, as well as the logo and the glazing typology.</p> <p><u>Forming:</u> Laminated windshields: The two sheets of glass are put on a skeleton (pairing) and then heated in a furnace at 600°C. Forming is done by gravity and pressing if necessary. The glass is then cooled and separated.</p> <p><u>Lamination:</u> After washing and drying, a cover of polymer interlayer is inserted between the two sheets of glass in a clean room.</p> <p><u>Autoclaving:</u> The glass system is degassed at 140°C for a definitive</p>

	<p><u>Final Inspection:</u> All glass units are inspected, excess vinyl trimmed off and packed.</p> <p><u>Pre-assembly of added values:</u> Various components (rain & light sensors, profiles...) are glued on the glazing according to the customer's requirements.</p>	<p>adhesion of the glass and the interlayer.</p> <p><u>Final Inspection:</u> All glass units are inspected, excess vinyl trimmed off and packed.</p> <p><u>Pre-assembly of added values:</u> Various components (rain & light sensors, profiles...) are glued on the glazing according to the customer's requirements.</p>
Physical appearance	<p>Clear or tinted glass of various thicknesses is produced by the float process. The technical characteristics and appearance are a uniform thickness and bright polished surfaces, without the need for further polishing. For example, a float glass sheet of 2mm and another 2mm glass sheet thickness are then used in the cutting to size for the lamination and manufacture of the windscreens.</p> <p>The composition of glass is normally as follows:</p> <p>Silica (SiO₂) 72% Iron Oxide(Fe₂O₃) 0.09% Alumina (AL₂O₃) 0.3% Magnesium Oxide 4.5% Sodium Oxide 13.7% Potassium Oxide 0.5% Sulphur Trioxide 0.25% Calcium Oxide (CaO) 8.8%</p> <p>Polyvinyl butyral is a clear, colourless, amorphous thermoplastic obtained by condensation reaction of polyvinyl alcohol and butyraldehyde. The resin is known for its excellent flexibility, film-forming and good adhesion properties as well as outstanding UV resistance.</p> <p>Ethylene-vinyl acetate, also known as poly (ethylene-vinyl acetate), is the copolymer of ethylene and vinyl acetate. The weight percent of vinyl</p>	<p>Clear or tinted glass of various thicknesses is produced by the float process. The technical characteristics and appearance are a uniform thickness and bright polished surfaces, without the need for further polishing. For example, a float glass sheet of 2mm and another 2mm glass sheet thickness are then used in the cutting to size for the lamination and manufacture of the windscreens.</p> <p>The composition of glass is normally as follows:</p> <p>Silica (SiO₂) 72% Iron Oxide(Fe₂O₃) 0.09% Alumina (AL₂O₃) 0.3% Magnesium Oxide 4.5% Sodium Oxide 13.7% Potassium Oxide 0.5% Sulphur Trioxide 0.25% Calcium Oxide (CaO) 8.8%</p> <p>Polyvinyl butyral is a clear, colourless, amorphous thermoplastic obtained by condensation reaction of polyvinyl alcohol and butyraldehyde. The resin is known for its excellent flexibility, film-forming and good adhesion properties as well as outstanding UV resistance.</p> <p>Ethylene-vinyl acetate, also known as poly (ethylene-vinyl acetate), is</p>

	<p>acetate usually varies from 10 to 40, with the remainder being ethylene.</p> <p>Thermoplastic polyurethane is a class of polyurethane plastics with many properties, including elasticity, transparency, and resistance to oil, grease, and abrasion. Technically, they are thermoplastic elastomers consisting of linear segmented block copolymers composed of hard and soft segments.</p> <p>As an example, a laminated windscreen would consist of a 2mm thick float glass sheet, a 0.76mm interlayer film and another glass sheet of 2mm glass thickness. Based on the thickness of these glass sheets and inner layer, it would present a final product that would present as windscreen of 4.76mm laminated glass. As the thickness of the glass sheets and the film(s) vary, so will the thickness of the manufactured laminated glass product.</p>	<p>the copolymer of ethylene and vinyl acetate. The weight percent of vinyl acetate usually varies from 10 to 40, with the remainder being ethylene.</p> <p>Thermoplastic polyurethane is a class of polyurethane plastics with many properties, including elasticity, transparency, and resistance to oil, grease, and abrasion. Technically, they are thermoplastic elastomers consisting of linear segmented block copolymers composed of hard and soft segments.</p> <p>As an example, a laminated windscreen would consist of a 2mm thick float glass sheet, a 0.76mm interlayer film and another glass sheet of 2mm glass thickness. Based on the thickness of these glass sheets and inner layer, it would present a final product that would present as windscreen of 4.76mm laminated glass. As the thickness of the glass sheets and the film(s) vary, so will the thickness of the manufactured laminated glass product.</p>
Tariff classification	7007.21.20	7007.21.20
Application or end use	<p>Windscreens for vehicles are used as components in the primary production process of motor vehicles, serving part of original equipment. Windscreens for vehicles are also used in the ARG market, when OE windscreens are damaged and need to be replaced.</p>	<p>Windscreens for vehicles are used as components in the primary production process of motor vehicles, serving part of original equipment. Windscreens for vehicles are also used in the ARG market, when OE windscreens are damaged and need to be replaced.</p>
Substitutability	The SACU product is fully substitutable with the subject product imported from China.	The SACU product is fully substitutable with the subject product imported from China.

The Commission made a preliminary determination that the SACU product and the imported products are “like products”, for purposes of comparison in this investigation, in terms of the relevant provisions of the ADR.

3. SACU INDUSTRY

3.1 INDUSTRY STANDING

The application was submitted by Shatterprufe, a division of PG Group (Proprietary) Limited (“the Applicant”), one of four main manufacturers in the SACU industry, representing the majority of production in the SACU.

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

4. CIRCUMVENTION

4.1 COUNTRY HOPPING

ADR 60.2(e) identifies country hopping as one of seven types of circumvention and ADR 60.8 defines country hopping as taking place “*if imports, following the imposition of anti-dumping duties or provisional payments or the initiation of an anti-dumping investigation switch to a supplier related to the supplier against which an anti-dumping investigation has been or is being conducted and that is based in another country or customs territory*”.

According to ADR60.1, there are three general conditions that need to be met for the act of circumvention to be taking place. Circumvention shall be deemed to take place if one or more of the following conditions are met:

- (a) a change in the pattern of trade between third countries and the SACU, which results from a practice, process or work, for which there is no or insufficient cause or economic justification other than the imposition of the anti-dumping duty;
- (b) remedial effects of the anti-dumping measure are being undermined in terms of the volumes or prices of the product under investigation;
- (c) dumping can be found in relation to normal values previously established for the like or similar products.

4.1.1 Change in pattern of trade in terms of ADR60.1(a)

ADR 60 does not define or provide an example of a change in the pattern of trade. The Commission practice is to use a two-step approach. The first step is to demonstrate that import volumes of the subject product from the country subject to the provisional payments (“PPs”) and/or final duties (“FDs”) (China in this case) have decline. The second step is to demonstrate that the decline in the first step is accompanied by an increase in imports of the like product from a third country that is not subject to the PPs and/or FDs. This relationship constitutes a change in the pattern of trade when calculated over different sets of periods.

Analysis of imports pre and post the imposition of provisional payments in February 2023 and definitive duties in January 2024

The following tables show the import statistics of the subject product from China and Malaysia for the period pre- and post-provisional payments and definitive anti-dumping duties:

Table 4.1.1 Imports 7007.21.20

HS 7007.21.20 (Kg)	Jan - Dec 2022	Jan - Dec 2023	Jan – Oct 2024
China	3 123 582	1 187 721	1 947 372
Malaysia	333	38 715	325 578
Other Countries	745 666	456 997	307 838
Total	3 869 580	1 683 433	2 580 787
Contribution %			
China	81%	71%	75%
Malaysia	0%	2%	13%
Other Countries	19%	12%	12%
Total	100%	100%	100%

Commission's consideration

The Commission considered that the table above indicates that import volumes from China decreased significantly after the imposition of PPs. Before the PPs were implemented, import volumes amounted to 3,123,582 kg. After the PPs, this figure dropped to 1,187,721 kg, representing a decrease of 62%. In contrast, imports from Malaysia substantially increased, increasing from 333 kg prior to the PPs to 38,715 kg afterwards. Following the implementation of FDs, imports from Malaysia continued to rise, reaching 325,478 from January to October 2024.

It is worth noting that while China has historically dominated import volumes, it was experiencing a downward trend. In contrast, imports from Malaysia were on the rise. As a result, Malaysia has become the second-largest exporter during the period following the imposition of the final duties, holding a 13% share of import volumes at present. The information above evidences that circumvention in the form of country hopping is taking place, which was as a result of the imposition of

the provisional payments and continued to exist as result of the imposition final duties.

Comments by MyGlass on the Commission's initiation notice

MyGlass indicated that a statement was made asserting that China remains the dominant exporter. However, the data also presents a different perspective: exports from other countries, excluding China, far exceed China's volumes over the same period. MyGlass stated that this raises the question of why the Applicant has chosen to focus solely on China while excluding Tanzania and other countries.

Furthermore, MyGlass stated that it believes the Applicant may have deliberately excluded other countries, such as Tanzania, from the investigation, given that the Applicant has its own manufacturing plant.

Commission's consideration

The Commission noted that an anti-circumvention investigation is a continuation of (related to) the original investigation. The initial investigation focused only on China, hence the focus in this investigation is also on China, specifically examining whether there was a change in the pattern of its imports compared to those from Malaysia. The findings indicated a downward trend in Chinese imports, while imports from Malaysia have increased.

The Commission uses audited import statistics from SARS to verify the import volumes of the subject product entering the SACU from the countries under investigation, as it considers these statistics to be most reliable. The import statistics provided by the Applicant were verified against SARS audited statistics and were correct. The imports indicated that China has historically dominated but currently experiencing a downward trend, while imports from Malaysia are on the rise.

Based on the above, the Commission made a preliminary determination that circumvention in the form of country hopping is taking place.

5. DUMPING

General methodology

Article 60 of the ADR states as follows:

60.1 "Other than circumvention contemplated in subsections 2(a) [*which refers to improper declaration*] and (d) [*which refers to absorption of the anti-dumping duty*], circumvention shall be deemed to take place if one or more of the following conditions are met:

(c) *dumping can be found in relation to normal values previously established for the like or similar products.*

In considering imposing duties, the Commission is guided by the ADRs. ADR 62.3 provides that the Commission may use "*the normal values previously established [i.e., in the original investigation] until such time as the exporter or foreign producer has submitted proper information*". Given that the Commission was provided with and verified information on normal values by the exporter discussed below, the following calculated margins of dumping are based on such normal values.

5.1 METHODOLOGY IN THIS INVESTIGATION FOR MALAYSIA

Sales in the ordinary course of trade

Section 8.3 of the ADR provides that:

"Domestic sales of the like product shall normally be considered a sufficient volume to determine a normal value if such sales constitute five per cent or more of the sales volume of the product to the SACU. Sales representing less than 5 per cent of export sales to the SACU may nevertheless be deemed sufficient where such sales are of sufficient magnitude to provide a proper comparison."

Commission's consideration

The Commission made a preliminary determination that sales representing less than 5 per cent of export sales to the SACU be considered not a sufficient

volume to determine a normal value. The Commission further decided to use other methods in such instances.

Additionally, if more than 20% (by volume) of all sales of a particular product type or model took place at less than cost, such sales must be excluded in the determination of the normal value, and the normal value should be based on the weighted average price of all remaining sales.

Section 8.2 of the ADR provides that:

“Domestic sales or export sales to a third country may be considered to be not in the ordinary course of trade if the Commission determines that such sales – took place at prices below total costs, including cost of production and administrative, selling, general and packaging costs, provided such sales took place – in substantial quantities equalling at least 20 per cent by volume of total domestic sales during the investigation period; and over an extended period of time, which period shall normally be a year, but in no case less than 6 months; were made to a related party; or do not reflect normal commercial quantities.”

Footnote 5 to Article 2.2.1 of the Anti-Dumping Agreement also provides that: “Sales below per unit costs are made in substantial quantities when the authorities establish that the weighted average selling price of the transactions under consideration for the determining of the normal value is below the weighted average per unit costs, or that the volume of sales below per unit costs represents not less than 20 per cent of the volume sold in transactions under consideration for the determination of the normal value.”

Commission’s consideration

The Commission made a preliminary determination that where sales made below costs constitute more than 20% in volume of the total volume of sales by the interested party, those sales be regarded as not being made in the ordinary course of trade and thus excluded when calculating the normal value.

Normal value

The Commission accepted information submitted by Xinyi Energy in its response to the Commission's questionnaire for purposes of its preliminary determination. Xinyi Energy produced and sold different models of laminated passenger windscreens for the ARG to the domestic market during the period of investigation. The normal value for Xinyi Energy was determined based on passenger windscreens.

In order for Xinyi Energy domestic sales to be used for normal value calculation, a 5% threshold test was performed to determine whether the domestic sales constitute 5% or more of the volume of exports of the subject product sold to SACU.

It was found that passenger windscreens were sold to the SACU market and constituted more than 5% of export sales to SACU. Since these sales passed the 5% threshold test, the normal value was calculated based on the verified domestic sales.

It was further found that there were sales of the passenger windscreens that were sold at a loss in the domestic market. In calculating the normal value, where sales below cost were above 20 per cent of total sales they were excluded from the calculation of the weighted average normal value.

Adjustments to the normal value

The following adjustments were claimed to arrive at the ex-factory normal value:

a) Cost of payment terms

Xinyi Energy offers different credit terms to various customers, which results in varying credit costs that affect the ex-factory prices in Malaysia, SACU, and other country markets. This is why Xinyi Energy claims adjustments to the cost of payment terms.

It was found that Xinyi Energy specified payment days on invoices for some customers, while others were not. Additionally, it was clarified that there is no agreement or contract in place with their customers regarding these payment terms. Xinyi Energy stated that it has adopted a basis on total days per year, as well as the average short-term lending interest rate to calculate the cost of payment terms.

Commission's consideration

It is the Commission's practice to consider adjustments to the normal value only if the adjustments affected price comparability at the time of setting prices. Although there were other invoices that did not display the payment days, those invoices were minimal and only for one customer.

The Commission made a preliminary determination to allow the cost of payment terms as this cost was demonstrated to have affected price comparability at the time of setting prices.

b) Packaging cost

Xinyi Energy uses wooden boxes for packaging in both domestic and export sales, and there is no difference between the wooden boxes for domestic and export. Xinyi Energy has allocated the total packaging cost to each transaction in the sales schedule.

Commission's consideration

Xinyi Energy indicated that the costs for packaging are not different for domestic and export markets. It is the Commission's practice to consider adjustments to the normal value only if the adjustments affected price comparability at the time of setting prices. Although the packaging is identical for both markets, the exporter incurred costs due to the differences in quantities between the domestic and export markets. This cost was demonstrated to have affected price comparability at the time of setting prices.

The Commission made a preliminary determination to allow the packaging cost adjustment, as this cost was demonstrated to have affected price comparability at the time of setting prices.

Export price

Xinyi Energy exported different models of laminated passenger windscreens for the ARG to the SACU market during the period of investigation. The export price for Xinyi Energy was determined based on passenger windscreens.

Adjustments to the export price

The following adjustments were claimed to arrive at the ex-factory normal value:

a) Cost of payment terms

Xinyi Energy offers different credit terms to various customers, which results in varying credit costs that affect the ex-factory prices in Malaysia, SACU, and other country markets. This is why Xinyi Energy claims adjustments to the cost of payment terms.

It was found that Xinyi Energy specified payment days on invoices for some customers, while others were not. Additionally, it was clarified that there is no agreement or contract in place with their customers regarding these payment terms. Xinyi Energy stated that it has adopted a basis on total days

per year, as well as the average short-term lending interest rate to calculate the cost of payment terms.

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Commission's consideration

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The Commission made a preliminary determination to allow the packaging cost adjustment, as this cost was demonstrated to have affected price comparability at the time of setting prices.

c) Delivery Charges

Xinyi Energy delivers the products from the factory to the port in Malaysia. The logistic company bill Xinyi Energy according to the commercial invoice. Xinyi Energy has allocated the total delivery charges for each transaction.

Commission's consideration

It is the Commission's practice to consider adjustments to the export price to bring the price back to the ex-factory level. The delivery charges adjustment was verified and found to be correct.

The Commission made a preliminary determination to allow the delivery charges adjustment.

Dumping Margin

The dumping margin of windscreens for vehicles of 24.63% was calculated for Xinyi Energy.

5.2 METHODOLOGY IN THIS INVESTIGATION FOR ALL OTHER PRODUCERS (RESIDUAL DUMPING MARGIN)

It is the general policy of the Commission to impose separate anti-dumping duties on specific exporters that responded to the questionnaire, and in addition, a residual duty against the country in question, to cater for other producers of the subject product who might also have exported the subject product to the SACU but did not participate in the investigation.

On the basis of the above, the Commission made a preliminary determination to use the verified information from the cooperating exporter to calculate the residual duty for Malaysia.

A residual dumping margin was calculated using the highest verified normal value and the lowest verified export price. Using this information, a dumping margin for all other exporters was calculated to be 29.05%.

SUMMARY – DUMPING

For the purpose of its preliminary determination, the Commission found that the subject product originating in or imported from Malaysia is being dumped onto the SACU market as the following dumping margins were calculated:

Tariff subheading	Producer	Rate of provisional payment
HS 7007.21.20	Xinyi Energy Smart (Malaysia) Sdn Bhd	24,63%
	All the other producers (excluding Xinyi Energy Smart (Malaysia) Sdn Bhd)	29,05%
HS 8708.22.10	Xinyi Energy Smart (Malaysia) Sdn Bhd	24,63%
	All the other producers (excluding Xinyi Energy Smart (Malaysia) Sdn Bhd)	29,05%

6. MATERIAL INJURY

Article 60 of the ADR states as follows:

60.1 Other than circumvention contemplated in subsections 2(a) and (d), circumvention shall be deemed to take place if one or more of the following conditions are met:

(b) remedial effects of the anti-dumping measure are being undermined in terms of the volumes or prices of the products under investigation;

In the original investigation it was determined that the SACU industry experienced material injury and a threat of material injury.

The Commission's ADR 62.2 states as follows: "*Provided an anti-circumvention complaint is lodged with the Commission prior to or within one year of the publication of the Commission's final determination, the SACU industry shall not be required to update its injury information*".

In this regard, the application was lodged within one year of the publication of the Commission's final anti-dumping duties. Based on the above, The Commission did not consider a new set of material injury information but relied on the material injury information previously established in the original investigation for purposes of preliminary determination.

Based on the above, the Commission decided that, based on the information considered in the original investigation, that the SACU industry is experiencing material injury and a threat of material injury with regard to the subject product.

7. SUMMARY OF FINDINGS

7.1 CIRCUMVENTION

The Commission made a preliminary determination that circumvention in the form of country hopping is taking place.

7.2 DUMPING

The Commission found that the subject product manufactured Xinyi Energy originating in or imported from Malaysia, was exported at dumped prices to the SACU. The following dumping margins were calculated:

The following dumping margins were calculated:

Tariff subheading	Producer	Rate of provisional payment
HS 7007.21.20	Xinyi Energy Smart (Malaysia) Sdn Bhd	24,63%
	All the other producers (excluding Xinyi Energy Smart (Malaysia) Sdn Bhd)	29,05%
HS 8708.22.10	Xinyi Energy Smart (Malaysia) Sdn Bhd	24,63%
	All the other producers (excluding Xinyi Energy Smart (Malaysia) Sdn Bhd)	29,05%

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

7.3 MATERIAL INJURY

The Commission made a preliminary determination based on the information considered in the original investigation, that the SACU industry is experiencing material injury and a threat of material injury with regard to the subject product.

8. PROVISIONAL DUTY

8.1 Lesser Duty

The Commission considers the lesser duty rule in every investigation. The rule is based on a comparison of the price disadvantage and the calculated dumping margin.

The price disadvantage is the extent to which the price of the imported product (landed cost) is lower than the unsuppressed and undepressed ex-factory selling of the SACU product. It is the Commission's practice that the lesser duty rule is only considered when both the exporter and the corresponding importer fully cooperated in the investigation. Properly documented responses were received from certain exporters and their corresponding importers of the subject product.

The Commission made a preliminary determination to apply the lesser duty rule for purposes of its preliminary determination, in instances where the price disadvantage is lower than the dumping margin calculated. However, this will only apply to the parties where corresponding importers participated fully, as listed below:

Xinyi Energy

The price disadvantage for Xinyi Energy was calculated based on weighted average landed cost of WMG the importer (cooperating importer).

The SACU unsuppressed price is based on an estimate by the Applicant in the absence of dumped imports. The price disadvantage was then expressed as a percentage of the FOB export price and calculated to be 58,58%.

Amount of duty

The “lesser duty” is the final payment to be imposed at the lesser of the margin of injury which is deemed to be sufficient to remove the injury caused by the dumped imports.

The Commission always considers the lesser duty rule but only applies it in instances where both the exporter and importer responded fully. Therefore, for the residual duty, the Commission will not apply the lesser duty rule.

The rates of duty to be imposed were concluded to be the following, being the lesser of the price disadvantage or the dumping margin expressed as a percentage of the fob export price:

Tariff subheading	Producer	Rate of provisional payment
HS 7007.21.20	Xinyi Energy Smart (Malaysia) Sdn Bhd	24,63%
	All the other manufacturers (excluding Xinyi Energy Smart (Malaysia) Sdn Bhd)	29,05%
HS 8708.22.10	Xinyi Energy Smart (Malaysia) Sdn Bhd	24,63%
	All the other manufacturers (excluding Xinyi Energy Smart (Malaysia) Sdn Bhd)	29,05%

9. PRELIMINARY DETERMINATION

The Commission made a preliminary determination that:

- circumvention in the form of country hopping is taking place;
- the SACU industry is experiencing material injury and a threat of material injury; and
- dumping of the subject product originating in or imported from Malaysia is taking place.

The Commission therefore decided to request the Commissioner of SARS to impose the following provisional measures for a period of six months on windscreens for vehicles to be used in the Southern African Customs Union market as replacement glass in the aftermarket classifiable under tariff sub-headings 7007.21.20 originating in or imported from Malaysia.

The Commission further made a preliminary determination to impose the same measures on front windscreens (windshields) classified under tariff subheading 8708.22.10. This is based on the concern that the proposed anti-dumping provisional measures on subheading 7007.21.20 may be circumvented through the importation of similar goods under subheading 8708.22.10. which could potentially undermine the effectiveness of the proposed anti-dumping measures:

Tariff subheading	Producer	Rate of provisional payment
HS 7007.21.20	Xinyi Energy Smart (Malaysia) Sdn Bhd	24,63%
	All the other manufacturers (excluding Xinyi Energy Smart (Malaysia) Sdn Bhd)	29,05%
HS 8708.22.10	Xinyi Energy Smart (Malaysia) Sdn Bhd	24,63%
	All the other manufacturers (excluding Xinyi Energy Smart (Malaysia) Sdn Bhd)	29,05%