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SPECIAL ALERT!

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Anti-Dumping Investigation On Exports Of Gloves For Non-Surgical Products From Malaysia To Brazil

(A) Introduction

On 31.7.2023, the Brazilian Ministry of Development, Industry, Trade and Services ("**Brazilian MDITS**") initiated an anti-dumping investigation against the exports of gloves for non-surgical procedures for health care (medicine, dentistry and veterinary) ("**Product**") from Malaysia, Thailand and China ("**Alleged Countries**") to Brazil. The Product is commonly classified as:

PRODUCT		
HS Code	Until **31.3.2022**	4015.19.00
		3926.20.00
	As of **1.4.2022**	4015.12.00
		3926.20.00

ADVOCATES AND SOLICITORS

(B) What Is The Investigation?

In the investigation, the Brazilian MDITS will discern whether there is an existence of dumping from the Alleged Countries. If the answer is yes, Brazilian MDITS will further determine whether the dumping activities have caused injury to the Brazilian domestic producer(s) of the Product.

The evidence and facts considered/to be considered is from January 2022 to December 2022 (period of investigation / "**POI**"). Targa Medical S.A ("**Targa**"), the only national/domestic producer of the Product in Brazil is the petitioner for the investigation.

(C) Material Allegations Against Malaysian Exporters

i. Dumping Margin

In the petition, it was alleged that the absolute dumping margin from Malaysia was USD3.89/kg and at a relative dumping margin of 80.8%. This is significantly higher than that of Thailand and China.

Countries	**Thailand**	**China**	**Malaysia**
Absolute Dumping Margin (USD/kg)	1.63	2.10	**3.89**
Relative Dumping Margin	40.29%	44.7%	**80.8%**

For the normal value (i.e. domestic Malaysian price) in arriving at the dumping margin, it was not calculated based on actual transacted prices, but by their own '**constructed value'**. It is glaring that the constructed value was based on 33.6% of general, administrative and sales expenses and 51.1% of profit margin. These triggers alarm as to the accuracy of the constructed value, which we believe is the leading cause for the **inflated dumping margin**.

ii. Injury (consumption, domestic sales and import)

Targa also alleged in the petition that the domestic consumption of the Product during the POI in Brazil rose by 29.2% but its domestic sale plummeted 23.7%. Targa attributed this irony to the rise in imports volume and value from Malaysia, China and Thailand (all combined) of up to 39.9% and 62.2% respectively.

Targa claimed that the above circumstances have caused injury to its economic and financial indicators.

iii. Production and Revenue

Among others, Targa claimed that it suffered injury in the form of reduced production volume by 22.5% and net revenue by 35.2%.

(D) Remark & Important Deadlines

In light of the above investigation, Malaysian glove manufacturers must immediately assess among others, the following:

i. Whether it manufactures the Product subject to investigation;

ii. Whether it exports the Product to Brazil;

iii. What is the export volume and value to Brazil;

iv. What is the market share of the Malaysian glove manufacturer's Product in Brazil;

v. What is the price sold in Malaysia compared to the exported price to Brazil and other countries; and

vi. Whether there are any other factors that could contribute to the injury allegedly suffered by Targa.

Any exporters in Malaysia interested to oppose/participate in the investigation must signify their interest on or before **21.8.2023**. The Brazilian MDITS will then provide the necessary questionnaire which must be filled up and submitted within 30 days (or further extended 30 days) from the receipt of the questionnaire.

If you have any queries, please contact associate **Chua Chun Yang** (cyc@lh-ag.com) or his team Partner, **Jason Tan Jia Xin** (tjx@lh-ag.com).

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