



Australian Government
Anti-Dumping Commission

PUBLIC RECORD

CUSTOMS ACT 1901 - PART XVB

CONSIDERATION REPORT NO. 271

**APPLICATION FOR A DUMPING DUTY NOTICE
CERTAIN POLYVINYL CHLORIDE FLAT ELECTRIC CABLES
EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA**

30 October 2014

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ABBREVIATIONS

ABS	Australian Bureau of Statistics
ACBPS	Australian Customs and Border Protection Service
ACDN	Australian Customs Dumping Notice
Advance	Advance Cables Pty Ltd
APEC	Australia Pacific Electric Cables Pty Ltd
Australian Wiring Rules	Australian Wiring Rules (AS/NZS 3000:2007)
China	the People's Republic of China
COGS	Cost of goods sold
CTM	Cost to make
CTMS	Cost to make & sell
FOB	Free On Board
ITRA	International Trade Remedies Adviser
NIP	Non-injurious Price
Olex	Olex Australia Pty Ltd
Prysmian	Prysmian Power Cables & Systems Australia Pty Ltd
PVC	Polyvinyl chloride
the Act	<i>Customs Act 1901</i>
the applicant	Olex Australia Pty Ltd
the Australian Standard	Australian / New Zealand Standard AS/NZS 5000.2
the Commission	Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
the goods	the goods the subject of the application (also referred to as the goods under consideration or GUC)
the Minister	the Minister for Industry
the Parliamentary Secretary	the Parliamentary Secretary to the Minister for Industry
USP	Unsuppressed Selling Price

1 SUMMARY

This report provides the result of the consideration by the Commissioner of the Anti-Dumping Commission (the Commissioner) of an application by Olex Australia Pty Ltd (Olex) for the publication of a dumping duty notice in respect of certain polyvinyl chloride (PVC) flat electric cables exported to Australia from the People's Republic of China (China).

1.1 Application of law to facts

Division 2 of Part XVB of the *Customs Act 1901* (the Act)¹ sets out the procedures for considering an application for a dumping duty notice.

1.2 The role of the Commission

The Anti-Dumping Commission (the Commission) is responsible for preparing a report for the Commissioner examining an application for a dumping duty notice. In this report, the following matters are considered in relation to the application:

- whether the application complies with subsection 269TB(4);
- whether there is, or is likely to be established, an Australian industry in respect of like goods;² and
- whether there appear to be reasonable grounds for the publication of a dumping duty notice in respect of the goods the subject of the application.³

1.3 The role of the Commissioner

The Act empowers the Commissioner, after having regard to the Commission's report, and to any other information that the Commissioner considers relevant, to reject or not reject an application for the publication of a dumping duty notice.

If the Commissioner decides not to reject the application, the Commissioner must give public notice of the decision providing details of the investigation.

1.4 Findings and conclusions

The Commission has examined the application for the publication of a dumping duty notice in relation to PVC flat electric cables exported from China.

The Commission **is satisfied** that:

- the application complies with the requirements of subsection 269TB(4) (as set out in Chapter 3 of this report);
- there is an Australian industry in respect of like goods (as set out in Chapter 4 of this report); and
- there appear to be reasonable grounds for the publication of a dumping duty notice in respect of the goods the subject of the application (as set out in Chapters 5, 6 and 7 of this report).

¹ A reference to a division, section or subsection in this report is a reference to a provision of the *Customs Act 1901*, unless otherwise specified.

² Subsection 269TC(1)(b)

³ Subsection 269TC(1)(c)

1.5 Recommendation

The Commission recommends that the Commissioner not reject the application.

The Commission recommends that an investigation be initiated to examine exports of the goods from China to Australia during the period 1 July 2013 to 30 June 2014 to determine whether dumping has occurred. The Commission will examine details of the Australian market from 1 July 2010 for injury analysis purposes.

If the Commissioner accepts these recommendations, the Commissioner must publish the notice at **Attachment 1** to give effect to that decision, indicating that the Commission will inquire into whether the grounds exist to publish a dumping duty notice.

2 BACKGROUND

2.1 Application

On 3 September 2014, Olex lodged an application requesting that the Parliamentary Secretary to the Minister for Industry (Parliamentary Secretary) publish a dumping duty notice in respect of certain PVC flat electric cables exported to Australia from China.⁴

Olex alleges that the Australian industry has suffered material injury caused by PVC flat electric cables exported to Australia from China at dumped prices. Olex claims that material injury in respect of PVC flat electric cables commenced in the quarter ending 31 March 2011.

Olex claims that the injurious effects of dumping have been:

- price suppression;
- price depression;
- lost sales volume;
- loss of market share;
- reduced capacity utilisation;
- declining employment;
- reduced profit; and
- reduced profitability.

2.2 The goods the subject of the application

2.2.1 Description

The goods the subject of the application (the goods) are described by the applicant as:

Flat, electric cables, comprising two copper conductor cores and an 'earth' (copper) core with a nominal conductor cross sectional area of between, and including, 2.5 mm² and 3 mm², insulated and sheathed with polyvinyl chloride (PVC) materials, and suitable for connection to mains electricity power installations at voltages exceeding 80 V but not exceeding 1000 V, and complying with Australian / New Zealand Standard AS/NZS 5000.2 (the Australian Standard), and whether or not fitted with connectors.

The applicant indicated that the following products are excluded from the goods:

- single core cables, being cables with a single active core;
- "aerial cables" as defined by the Australian Standard;
- twin active flat cables, that is, flat cables comprising two active cores but no earth core;
- "circular cables" as defined by the Australian Standard;

⁴ In December 2013, the Minister for Industry (the Minister) delegated responsibility for decision making on operational matters under Parts XVB and XVC of the Act and other anti-dumping legislation to the Parliamentary Secretary.

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- cables insulated and / or sheathed with non-PVC material, including but not limited to cross-linked polyethylene (XLPE) materials, including a combination of PVC and non-PVC material;
- cables comprising cores made of aluminium conductors; and
- “flexible cables (cords)” as defined by AS/NZS 3191 and/or AS/NZS 60227.

The application contains the following further information in relation to the goods the subject of the application:

The goods are commonly referred to as “building wire”, because of its use by the building and construction industry in domestic, commercial and industrial mains power supply low-voltage wiring installations. For the purpose of this definition, the term “flat cables” means cables where the conductor and earth cores are laid parallel in the same plane, as defined by the Australian Standard.

For the avoidance of doubt, reference to “two copper conductor cores” refers to the “phase core” and “neutral core”. The earth core (also comprising of copper) is additional to these two active cores.

2.2.2 Tariff classification

The goods are classified to the tariff subheading 8544.49.20 (statistical code 41) of Schedule 3 to the *Customs Tariff Act 1995*. The tariff description is:

“Insulated (including enamelled or anodised) wire, cable (including co-axial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors [...] for a voltage exceeding 80 V but not exceeding 1000 V [...] insulated with P.V.C. materials.”

The goods exported to Australia from China are subject to 4 per cent duty.

The Commission notes that there are numerous Tariff Concession Orders in force under the relevant tariff subheading.

2.2.3 ANZSIC classification

The Australian and New Zealand Standard Industrial Classification (ANZSIC) code applicable to manufacturers of the goods is *2431 Electric Cable and Wire Manufacturing*.

2.3 Previous investigations

A previous investigation into the dumping of certain electric cables exported to Australia from China was initiated on 9 September 2011.⁵ The investigation was conducted by the Australian Customs and Border Protection Service (ACBPS) as the then investigating authority.

The goods that were the subject of the previous investigation included several different types of electric cables falling under tariff subheading 8544.49.20 (statistical codes 40 and 41). The goods under consideration in the present case (PVC flat electric cable with the characteristics described in 2.2.1) are a specific subset of the goods that were previously examined.

⁵ Case No.178 refers: <http://www.adcommission.gov.au/cases/epr178.asp>.

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The ACBPS found that there had been no dumping of electric cables during the investigation period (1 July 2010 to 30 June 2011). The investigation was therefore terminated by the Chief Executive Officer of the ACBPS on 6 February 2012.⁶

After accepting a request by certain parties to review the decision, the then Trade Measures Review Officer (TMRO) ultimately affirmed the decision to terminate.⁷

2.4 Consideration of the application

Under subsection 269TC(1) of the Act, the Commissioner shall examine the application and, within 20 days from the date of lodgement, decide whether or not to reject the application. Under subsection 269TC(2A), if an applicant, after lodging an application, decides to give further information to support its application, the additional information has the effect as if the application was lodged at the time of the provision of the additional information and the 20-day consideration period recommences.

On 22 September 2014, Olex provided additional information to support its application. Further additional information was provided on 10 October 2014. As a result, the application consideration period recommenced and the final decision date was extended to 30 October 2014.

Subsection 269TC(1) specifies that the Commissioner shall reject the application if he is not satisfied that:

- the application complies with subsection 269TB(4); or
- there is, or is likely to be established, an Australian industry in respect of like goods; or
- there appear to be reasonable grounds for the publication of a dumping duty notice or a countervailing duty notice in respect of the goods the subject of the application.

The above matters are examined in the following sections of this report.

⁶ ACDN No.2012/04 refers:

<http://www.adcommission.gov.au/notices-reports/acdn/documents/Report178ACDN04.pdf>.

⁷ Refer to http://www.adreviewpanel.gov.au/site/documents/TMRO_decision_FINAL_2_May_2012_V2.pdf.

3 COMPLIANCE WITH SUBSECTION 269TB(4)

3.1 Finding

Based on the information submitted by the applicant, the Commission considers that the application complies with subsection 269TB(4).

3.2 Legislative Framework

Subsection 269TB(4) requires that the application must:

- be in writing; and
- be in an approved form; and
- contain such information as the form requires; and
- be signed in the manner indicated by the form; and
- be supported by a sufficient part of the Australian industry.

3.3 Approved form

The application is in writing, is in an approved form (a B108 application form), contains such information as the form requires (as discussed in the following sections) and is signed in the manner indicated in the form.

Olex submitted confidential and public record versions of the application along with numerous appendices and attachments. The Commission considers that the public record version of the application contains sufficient detail to allow a reasonable understanding of the substance of the information in the confidential version of the application.

3.4 Supported by Australian industry

An application is taken to be supported by a sufficient part of the Australian industry if the Commissioner is satisfied the persons who produce or manufacture like goods in Australia and who support the application:

- account for more than 50 per cent of the total production or manufacture of like goods by that proportion of the Australian industry that has expressed either support for or opposition to, the application; and
- account for not less than 25 per cent of the total production or manufacture of like goods in Australia.

Within its application, Olex identified the following other Australian producers of PVC flat electric cables:

- Advance Cables Pty Ltd (Advance);
- Prysmian Power Cables & Systems Australia Pty Ltd (Prysmian); and
- Australia Pacific Electric Cables Pty Ltd (APEC).

Although not parties to the application, all three producers have offered letters of support. Additionally, as well as details of Olex's quarterly sales of the goods from 1 January 2010 to 30 June 2014, the application includes sales volumes for Advance, Prysmian and APEC for the five quarters to 31 March 2014. Where actual data has not been provided, an estimate of quarterly sales volumes (expressed as a proportion of Olex's sales) has been included.

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The preparation of the application has been supported by the International Trade Remedies Adviser (ITRA), who has confidentially collated the Australian industry sales volumes. The applicant claims that there are no other Australian producers of like goods.

Based on the information provided, the Commission is satisfied that the application is supported by a sufficient part of the Australian industry. The Commission's analysis of sales volumes is in **Confidential Appendix 1**, and the analysis of market share is in **Confidential Appendix 2**.

4 LIKE GOODS AND THE AUSTRALIAN INDUSTRY

4.1 Finding

The Commission is satisfied that PVC flat electric cable is produced in Australia, as Olex conducts the substantial manufacturing processes in order to produce products which are either identical to or closely resemble the goods the subject of the application. The Commission is satisfied that there is an Australian industry producing like goods to the goods the subject of the application and that the data contained in the application is sufficient for the purpose of analysing the economic condition of the industry from 1 January 2010 to 30 June 2014.

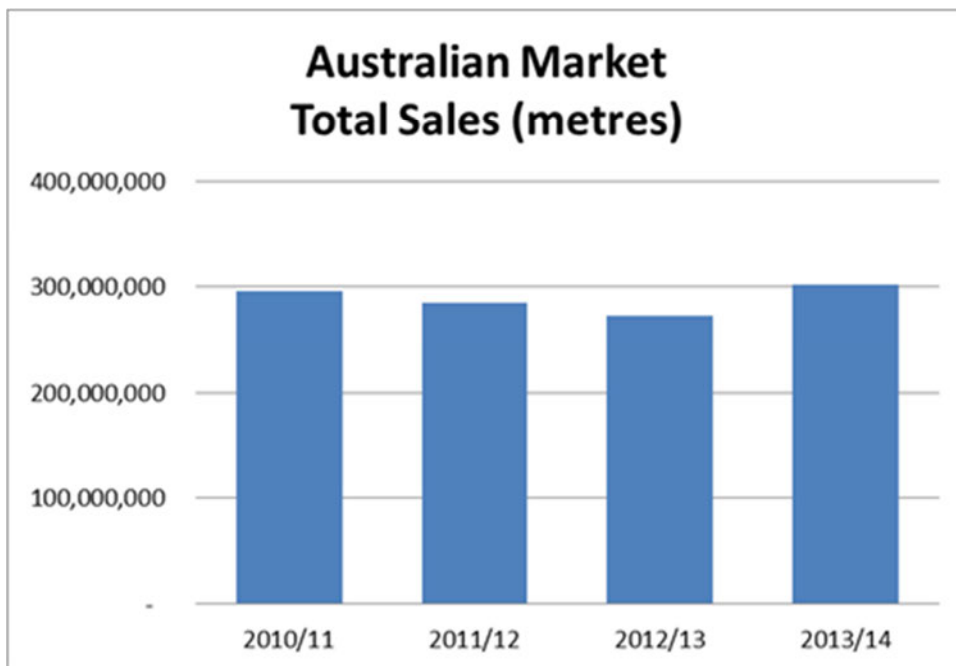
4.2 Legislative Framework

Subsection 269TC(1) requires that the Commissioner must reject an application for a dumping duty notice if, inter alia, he is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

4.3 Australian Market

4.3.1 Market size

Olex has completed Appendix A2 of the application, which estimates the total volume of sales of PVC flat electric cable in the Australian market. This data has been used to generate Graph 1.⁸



Graph 1 – Estimate of the Australian market for PVC flat electric cable by financial years (1 July to 30 June).

⁸ The Commission is cautious regarding the accuracy of this data - see discussion under 3.4 regarding the estimate of volumes for the other market participants and the discussion at 6.5, below. The Commission's analysis of market size is in Confidential Appendices 1 and 2.

4.3.2 Product applications and end uses

Olex claims that locally produced and imported PVC flat electric cable are intended for use in fixed wiring applications in power and light circuits. These installations are at working voltages up to and including 450/750 V in accordance with the Australian Wiring Rules - AS/NZS 3000:2007 (Australian Wiring Rules).

The goods are used in residential and commercial building and construction, such as new home construction, renovations, units / apartments, commercial refurbishments, shopping centres and the like. The goods are also used in light industrial construction projects, such as providing wiring for the general power and lighting supply circuits of factories and warehouses.

4.3.3 Marketing and distribution

Olex claims that the Australian market for the goods comprises local manufacturers, overseas suppliers, importers, wholesalers, contractors, retailers and the installers of the goods (electricians). Olex included in its application the diagram below to illustrate its understanding of the route to market for both domestic and imported goods, and estimates the proportion of sales to retailers, wholesalers and contractors.

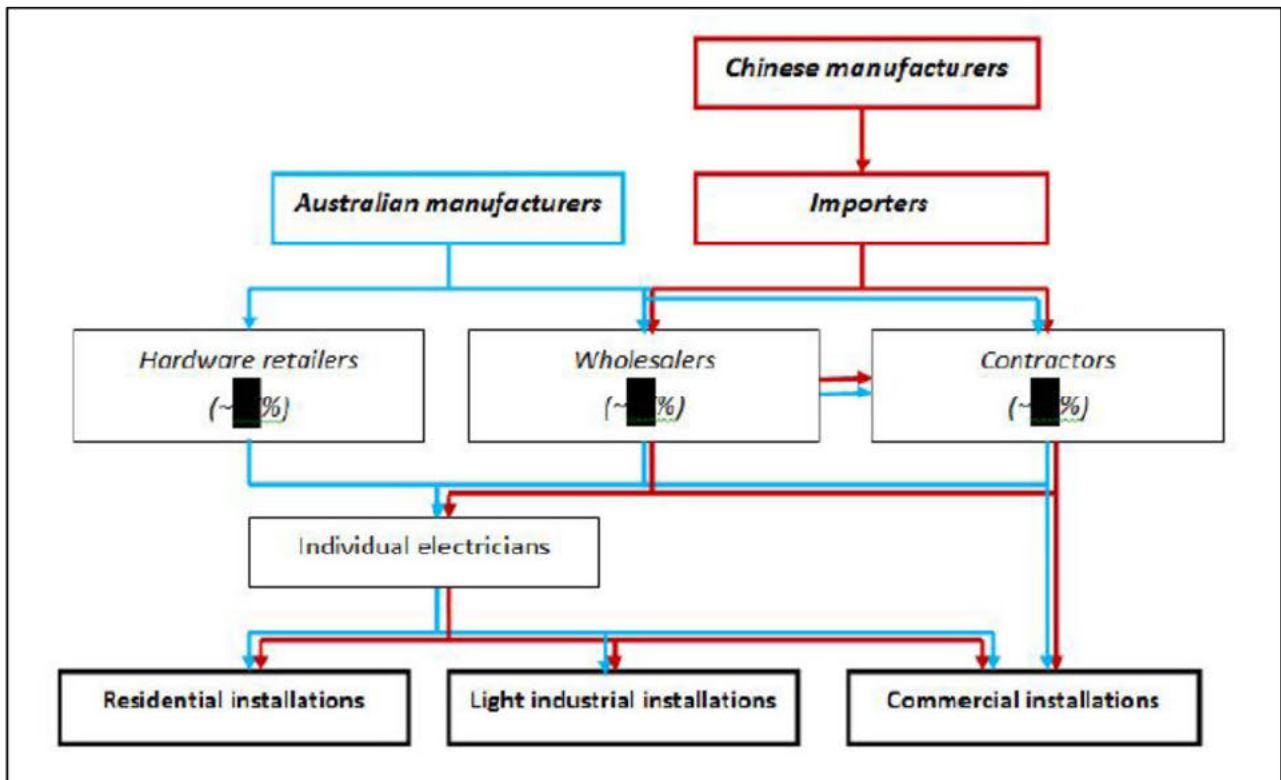


Figure 1 – Channels to market

Olex has indicated that the “end users” of the goods (such as the home owner) do not tend to be customers in their own right as the goods must be installed by a licensed electrician. Contractors tend to be larger project developers with their own employed electricians who will install the goods, but this task may also be sub-contracted further to other electricians.

4.3.4 Market segmentation

Olex claims that both the like goods produced by the Australian industry and the imported goods are sold and distributed across Australia, indicating that there is no further segmentation of the market beyond the channels to market (retail, wholesale, contractor).

4.3.5 Rebates and deductions

Olex has provided evidence that standard industry practice includes the use of rebates, allowances and discounts. Olex explained that these are used to encourage early payment of invoices, to foster sales growth and the like.

4.3.6 Demand variability

Olex claims that demand for the goods closely aligns with broader demand in the building and construction market, which is primarily driven by consumer and business confidence. Olex notes that demand can also be influenced by government acting in the market.

In terms of seasonality, Olex notes that there is a discernible slow-down in December and January which coincides with the winding down of building and construction activity over the Christmas / New Year period.

4.3.7 The Commission's assessment

The Commission's analysis suggests that there is no apparent seasonality in the quarterly sales volume data presented by Olex with its application. The Commission notes that Olex's claims are consistent with the Commission's findings in the previous investigation. The Commission is therefore satisfied that Olex's application provides a reasonable description of the overall market for PVC flat electric cable in Australia, subject to the reservations outlined in this report under 6.5.

4.4 Locally produced like goods

Subsection 269T(1) defines like goods as:

goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

4.4.1 Applicant's claims

Olex states that it produces PVC flat electric cable products that are either identical to or closely resemble the goods the subject of its application. Olex notes that the Australian Wiring Rules require an end user to only use goods which meet the Australian Standard, and therefore both the domestic and imported goods must be manufactured to comply.

Physical likeness

Olex asserts that as a result of the Australian Standard, the imported goods and the Australian industry's goods are physically identical in respect to "the shape, colour, appearance, content and packaging presentation." In Table A-3.3.1 of the application, Olex provides a comparison of the physical properties of a model of the imported goods and a corresponding model of its own like goods, as well as a copy of the Australian Standard, to support its claims.

Commercial likeness

Olex claims that both the imported goods and the applicant's like goods are directly competitive in the Australian market. Olex has provided evidence that both sets of goods are marketed and sold to the same wholesale customers; Olex asserts that similar competition occurs in the market more broadly. The imported goods and the applicant's goods are typically packaged in the same standard lengths, and Olex indicates that the primary basis for competition is therefore on price.

Olex's application includes confidential price lists for both the imported goods and the Australian industry's goods which support these claims.

Functional likeness

Olex claims that both the imported and Australian produced goods are put to the same end use. Olex again notes the performance characteristics required to meet the Australian Standard and the restrictions of the Australian Wiring Rules in terms of how the product is used. Olex claims that the quality of the imported and like goods is identical as a result. Olex indicates that the performance of the goods is identical regardless of colour or packaged length.

Production likeness

Olex asserts that the imported goods undergo an identical production process to that of the Australian industry's goods in order to meet the Australian Standard.

4.4.2 The Commission's assessment

The Commission notes the restrictions that the Australian Standard places on the physical properties of the goods. However, the Australian Standard allows some flexibility regarding the type of PVC used for the insulation and sheathing. The Commission also notes that there may be slight differences in the nominal overall diameter and approximate mass between the imported goods and the Australian industry's goods.

The application states that Olex produces a range of models which vary by colour and by the length of the goods sold. The evidence provided to the Commission suggests that there is a high level of price competition. Although there appears to be some competition on customer service, delivery times and the like, these appear to have less influence on purchasing decisions compared to pricing. The goods are sold to the same types of end users (wholesalers, retailers, contractors) and for the same purposes and end uses.

Based on the information provided in the application:

- the imported and locally produced PVC flat electric cables are either physically identical or have closely resembling characteristics;
- the imported and locally produced goods are commercially alike as they are sold through the same distribution channels to common end users and with a high degree of substitutability;
- the imported and locally produced goods are functionally alike as they have the same end-uses and performance characteristics which must comply with the Australian Standard; and
- the imported and locally produced goods are likely to be manufactured in a similar manner.

The Commissioner is therefore satisfied that there is an Australian industry producing like goods to the goods the subject of the application.

4.5 Manufactured in Australia

Subsections 269T(2) and 269T(3) specify that, for goods to be regarded as being produced in Australia, they must be wholly or partly manufactured in Australia. In order for the goods to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.

4.5.1 Applicant's manufacturing operations

Olex advises that it operates manufacturing facilities at Tottenham and Lilydale, both of which are located in Melbourne, Victoria. The head office is located at the Tottenham site.

Olex has provided a diagram and summary of its main production processes. Although certain raw materials are imported, Olex advises that all transformation processes relevant to the manufacture of the like goods occurs in Australia at the Lilydale site.

Essentially, the goods are produced in the following manner:

- copper rod is fed into wire drawing machines to draw down copper wire;
- copper wire strands are bunched together to form conductors;
- conductors are insulated in an extrusion process with PVC insulation materials to produce conductor cores;
- PVC is extruded over the outside of the appropriate number of conductor cores to provide a protective sheath and produce cable;
- the cable is wound and packaged onto reels or spools ready for despatch; and
- printing of required information onto the cable is carried out.

4.5.2 The Commission's assessment

Based on the above description of the manufacturing process, the Commission is satisfied that all of the substantial manufacturing processes are performed in Australia and, therefore, that the goods may be taken to have been produced in Australia.

4.6 Australian industry information

4.6.1 Australian industry's sales

The application includes a summary of domestic and export sales volumes, revenue, discounts and rebates as required in Confidential Appendices A2, A3, A5 and A6. The Commission examined the detail in, and link between, these appendices, and considers them reliable for the purposes of assessing the economic condition of the industry.

The application also includes Olex's detailed domestic sales of PVC flat electric cable for the period 1 January 2013 to 30 June 2014 (Confidential Appendix A4).

4.6.2 General accounting and administration information

Olex advises that its financial year is on a calendar year basis and has provided general accounting and administration information in its application. Olex also provided a copy of its audited annual reports for financial years 2011, 2012 and 2013.

4.6.3 Cost to make and sell information

Olex completed Confidential Appendix A6 of the application for domestic and export sales of its own production by quarter. The information provided included production volumes, manufacturing costs, selling, distribution and administrative expenses and sales volumes for each quarter from 1 January 2010 to 30 June 2014 for each PVC flat electric cable model that was manufactured by Olex during the period.

The Commission examined the information provided in Confidential Appendix A6 and the link between other appendices and considers the information reliable for the purposes of assessing the economic condition of the industry.

4.6.4 Other economic factors

Olex has partially completed Confidential Appendix A7, noting that it has done so to the extent that it maintains relevant records. The application therefore includes information on revenue, capacity and capacity utilisation for Olex generally, as well as employment hours, productivity and wages for the like goods, during the period 1 January 2010 to 30 June 2014.

The Commission noted that the figures the applicant submitted in Appendix A7 of its application is consistent with the data provided in other appendices of the application and supported the claims with respect to other economic factors.

4.6.5 The Commission's assessment

Based on the information in the application, the Commission is satisfied that there is sufficient data on which to analyse the performance of the Australian industry between 1 July 2010 and 30 June 2014.

5 REASONABLE GROUNDS – DUMPING

5.1 Findings

Having regard to the matters contained in the application and to other information considered relevant, the Commission considers that there appear to be reasonable grounds to support Olex's claim that:

- PVC flat electric cable has been exported from China to Australia at dumped prices;
- the dumping margins are not negligible; and
- the goods exported from China to Australia at dumped prices were in volumes that are not negligible.

5.2 Legislative framework

Article 5.2 of the World Trade Organization Anti-Dumping Agreement states that an application shall include evidence of dumping. It also states that simple assertion, unsubstantiated by relevant evidence, cannot be considered sufficient to meet this requirement, but such information must be reasonably available to the applicant.

Subsection 269TC(1) of the Act requires that the Commissioner must reject an application for a dumping duty notice if, inter alia, he is not satisfied that there appear to be reasonable grounds for the publication of a dumping duty notice.

Under section 269TG of the Act, one of the matters that the Parliamentary Secretary must be satisfied of to publish a dumping duty notice is that the export price of goods that have been exported to Australia is less than the normal value of those goods. This issue is considered in the following sections.

5.3 Assessment of dumping claims

5.3.1 Olex's approach to estimating dumping margins

The goods the subject of Olex's application are a very specific subset of cable products in the market. Olex has relied on Australian Bureau of Statistics (ABS) import trade data for tariff classification code 8544.49.20 (statistical code 41) to identify price and volume trends, but acknowledges that this data would include a proportion of exports which are not the goods and is therefore unsuitable for calculating an accurate export price.

Olex has instead used pricing information obtained from customers by its sales team to identify the price that the exported goods are actually sold in the Australian market. The pricing information is for several transactions relating to the same model, SRF3025V, over the proposed investigation period. Based on its knowledge of the market and typical costs incurred in the selling and distribution of the goods, Olex has subsequently made the adjustments it considers reasonable to calculate a deductive export price for this model.

Olex notes that, due to the requirements of the Australian Standard and the Australian Wiring Rules and acknowledged differences in the China and Australia markets, there is unlikely to be a high volume of domestic sales in China of the goods to enable a comparison with normal values.

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However, Olex's application indicates that a large proportion of its own sales during the period of 1 January 2010 to 30 June 2014 were of a model equivalent to model SRF3025V, for which it has been able to obtain reliable pricing information. Olex has therefore used this model as the basis of its assumptions regarding costs in the construction of a normal value.

Olex has included calculations for quarterly export prices and normal values at different times during its nominated investigation period, being the period between 1 January 2013 and 30 June 2014. Olex argues in favour of a longer investigation period on the basis that it includes a full Chinese fiscal accounting period (calendar year 2013).

5.3.2 The Commission's assessment

The Commission considers that the particular exported PVC flat electric cable model selected by Olex to estimate dumping margins is likely to be representative of exported models sold in the Australian market.

A review of the ACBPS import data for tariff classification code 8544.49.20 (statistical code 41) provides no further guidance on the actual volume of the goods exported from China. Using data for all exports from China during the period 1 January 2013 to 30 June 2014, the Commission attempted to generate a sample of transactions for the goods by searching for import declarations which contain the expression "SRF3025V". This did not produce a useful data set; a similar issue was identified in the previous investigation, which indicated that any shipment may contain several different models of electric cables and at varying costs.⁹ The ACBPS import data does, however, indicate that there are a small number of importers and exporters that account for the vast majority of transactions of the goods falling under the relevant tariff classification.

The Commission is satisfied that it is unable to establish a more accurate sample of actual exports of the goods as the ACBPS data does not include sufficient information to differentiate the different types of imported PVC flat electric cables that fall within the relevant tariff classification. The Commission has therefore concluded that it is also unable to establish actual export prices using the ACBPS import database.

The Commission notes that an applicant can only provide information in its application that is "reasonably" available to it. The Commission therefore considers that Olex's use of the methodology outlined above to estimate export prices for PVC flat electric cable exports is reasonable.

The Commission accepts that there is unlikely to be significant volumes of domestic sales in China of like goods that adhere to the Australian Standard, and it would be difficult for Olex to obtain domestic selling price information for any like goods. The Commission therefore considers it reasonable for Olex to construct normal values.

The Commission's usual investigation period is 12 months, although in some circumstances (outlined in the *Anti-Dumping Commission's Dumping & Subsidy Manual*) the Commission may use a longer investigation period. The Commission does not consider that the nature of the goods or the market for the goods requires a longer investigation period in order to satisfactorily investigate the alleged dumping and the alleged causation of injury, and therefore will conduct its investigation using the period 1 July 2013 to 30 June 2014.

⁹ Importer Visit Report, Electra Cables (Aust) Pty Ltd (November 2011), page 10.

5.4 Export Prices

5.4.1 Olex's claims

Olex's application provides evidence of pricing information relating to 11 transactions that occurred between Electra and third parties and that took place between January 2013 and June 2014 (Confidential Appendix to the application B1 refers). Olex claims that these transactions all relate to a single model of the goods (SRF3025V), and that it is the only model for which the applicant has been able to obtain verifiable prices at the first point of resale to unrelated buyers in Australia.

In estimating a deductive export price, Olex has assumed that the full range of rebates and discounts typical to the industry and market in Australia (4.3.5 refers) will be received by the purchaser from the importer. Olex has accounted for such deductions in calculating an ex-works (EXW) price for the imported goods in Australia.

Olex has then made assumptions regarding selling, general and administration (SGA) expenses, freight costs, customs duty, import clearance and handling expenses, and overseas freight and insurance costs, supported by a range of material which Olex submits is evidence of the reasonableness of its assumptions.

The abovementioned costs have been deducted from the EXW price in order to arrive at a deductive export price at the free on board (FOB) level. Olex indicates that no importer profit has been incorporated into the deductions, which provides for a more conservative estimate.

5.4.2 The Commission's assessment

The Commission notes that limited, verifiable information is available to Olex for the purpose of estimating export price.

The Commission is satisfied that:

- the evidence referred to in the confidential attachments is sufficient for the purpose of identifying the list price of the goods;
- sufficient evidence of the existence, nature and amount of the various rebates and other discounts has been provided; and
- the assumptions which underpin the deductions for freight, customs duty, import clearance and handling, overseas freight and overseas insurance are supported by the evidence presented by Olex and are therefore reasonable.

However, the Commission has no evidence before it that the full amount of all rebates and other discounts (as estimated by Olex) were applied in each of the 11 transactions presented. The Commission has reviewed the sales data provided by Olex for the proposed investigation period and compared the average value of all rebates / discounts paid by Olex with the average rebates / discounts paid by an importer that was verified at the time of the previous investigation. As a result the Commission does not consider it reasonable to assume that the maximum potential rebate should be applied in all of these transactions.

The Commission has reviewed the selling, general and administrative (SG&A) costs for an importer that was verified in the previous investigation and considers this to be a reasonable estimate to include in the Commission's assessment of a deductive export price. For consistency, the Commission has assumed that there has been no change to the estimated proportion of these costs since the previous investigation.

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For the above reasons the Commission considers that the estimated deductions included in the export price that has been calculated by Olex may be overstated. As a result, the Commission has:

- reduced the amount deducted for rebates to the verified average rebate actually paid by an importer; and
- reduced the deduction for SG&A costs to align with the importer's estimate of SG&A costs that was verified in the previous investigation.

The Commission's calculation of and adjustments for deductive export prices is included at **Confidential Appendix 3**.

5.5 Normal values

5.5.1 Domestic prices in China

Olex asserts that the goods are specific to the Australian market, and therefore there are either no sales (or an absence of relevant sales) of like goods sold for home consumption in China. Olex proposes that an appropriate estimate of normal value is to construct a price, based on its understanding of the production process, raw material costs, labour and a range of other costs.

5.5.2 Olex construction of normal value

In its application, Olex has constructed a normal value for each of the six quarters in its proposed investigation period. Olex has indicated that it has attempted to apply reasonable, conservative estimates for this purpose. Olex's approach and assumptions are outlined below.

Direct manufacturing costs

Olex has assumed that the variable manufacturing costs for the production of the imported goods (model SRF3025V) are either identical (or in proportion) to its own variable manufacturing costs for the production of its equivalent model, based on its bill of materials for 2014. Olex's calculation has included raw material costs for copper and PVC at quarterly weighted average market rates, along with a reduced rate for pallet / packaging materials. Direct labour costs and other direct expenses are based on the time taken to complete Olex's manufacturing processes but applying a discount for Chinese labour and other costs. Energy costs are also based on Olex's manufacturing processes but applying a discount for Chinese energy costs.

Fixed manufacturing costs

Olex has assumed that the fixed manufacturing costs are in a reduced proportion to its own variable manufacturing costs.

Selling, distribution and administration costs

Olex states that it has obtained confidential information from an unidentified China-based third party electric cable manufacturer. Olex has subsequently estimated the direct marketing, indirect marketing and administration expenses, expressed as a percentage of the variable manufacturing cost. Olex has noted that distribution costs have been included in the direct marketing expense item. No adjustment was proposed for finance costs.

Profit

Olex has obtained confidential information from an unidentified China-based third party electric cable manufacturer. Olex has used this information for a profit estimate.

5.5.3 The Commission's assessment

Based on the findings of the previous investigation, the Commission is satisfied that there are unlikely to be a significant volume of domestic sales of the goods in China. The construction of a normal value is therefore a reasonable approach in the circumstances.

The Commission has access to a broader range of verified information than Olex, and has therefore used its understanding of market conditions in China to assess the reasonableness of Olex's estimates for normal value.

Direct and fixed manufacturing costs

Owing to the likely similarities in the production process and noting the requirements that the goods comply with the Australian Standard, the Commission considers that Olex's use of its bill of materials for its own equivalent model is a reasonable proxy on which to base direct manufacturing costs for the purpose of calculating normal value.

The Commission is satisfied that the use of quarterly average London Metals Exchange copper prices during the proposed investigation period is reasonable. The Commission has observed in previous investigations that copper prices on the Shanghai Metals Exchange are not materially divergent. The Commission is also satisfied that the quarterly average PVC price during the proposed investigation period is reasonable for the purposes of estimating raw material costs, but notes that there is no evidence provided which indicates that Chinese PVC prices are at the same or similar rates.

The Commission notes that, on the basis of verified information relating to Chinese manufacturers arising in the previous investigation, some items on Olex's bill of materials may not align, and therefore an adjustment ought to be made where applicable to enable a fair comparison.

The Commission has doubts about the accuracy of the article on which Olex has relied to support its deductions for other raw material costs (pallets and other packaging materials).¹⁰ However, as these costs represent a very small proportion of the total raw material cost when compared with costs for copper, PVC and colouring agents (and for which no adjustment has been made), the Commission is satisfied that the scale of the adjustment is reasonable even though it will have limited impact on the calculation of normal value.

The Commission is satisfied that appropriate adjustments have been proposed by Olex for the estimate of fixed manufacturing costs.

Selling, distribution and administration costs

As the identity of the third party cable manufacturer in Olex's application is unknown, the Commission has no basis for assessing the reliability of Olex's assumptions for selling, distribution and administration costs. The Commission has subsequently reviewed the verified information available in the previous investigation, and has made an adjustment

¹⁰ O'Sullivan, S. *Hardware Journal*, 'Manufacturing in China: Costs Uncovered', <http://www.hardwarejournal.com.au/article.asp?ArticleID=1703>

to these costs (expressed as a percentage of the cost to make) in the estimate calculation.

Profit

As the identity of the third party cable manufacturer in Olex’s application is unknown, the Commission has no basis for assessing the reliability of Olex’s assumption for profit. The Commission has subsequently reviewed the verified information available in the previous investigation, and has made an adjustment to the profit component in the calculation of a normal value.

5.5.4 Conclusion: normal values

Based on the analysis detailed above, the Commission considers that Olex has provided reasonable evidence to support its estimation of normal values.

To calculate preliminary dumping margins, the Commission has adjusted Olex’s estimates of normal values for the reasons discussed above. The details of the Commission’s estimated normal value calculations are at **Confidential Appendix 4**.

5.6 Dumping margins

5.6.1 Olex’s claims

Olex’s comparison of its calculated deductive export prices and constructed normal values results in an average dumping margin of 47.6 per cent across the proposed investigation period.

5.6.2 The Commission’s assessment

Using the methodology described above to calculate deductive export prices and constructed normal values, the Commission’s estimates of dumping margins for the quarters from 1 January 2013 to 30 June 2014 are shown in **Table 1** below:

<i>Quarter</i>	Mar 2013	June 2013	Sept 2013	Dec 2013	Mar 2014	June 2014	Average
Dumping Margin	14.62%	14.14%	16.25%	31.62%	11.66%	9.47%	16.3%

Table 1 – Estimated quarterly dumping margins.

The Commission’s estimated preliminary dumping margins are substantially lower than the dumping margins that were calculated by Olex, which reflects the adjustments made by the Commission. The Commission’s dumping margin calculations indicate that PVC flat electric cable exported from China was at dumped prices for the period examined.

The Commission’s calculations of dumping margins are at **Confidential Appendix 5**.

5.7 Import volumes

Information available from the ACBPS import database confirms that exports from China accounted for over 80 per cent of the volume (length) of all goods falling under tariff classification code 8544.49.20 (statistical code 41) that were imported to Australia during the 12 months between 1 July 2013 and 30 June 2014. The data further indicates that the bulk of these goods are also produced by a small number of manufacturers in China, and that the bulk of the goods are imported by a small number of importers in Australia.

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The Commission notes that the goods (as defined in 2.2.1) represent only a proportion of the exports from China. Based on the verified information in the previous investigation, the Commission considers it likely that exports of PVC flat electric cable from China currently represent more than three per cent of the total import volume of the goods, and are therefore not in negligible volumes. Analysis of the volume of PVC flat electric cable imports is available in **Confidential Appendix 6**.

6 REASONABLE GROUNDS – ECONOMIC CONDITION OF THE INDUSTRY

6.1 Findings

Having regard to the information contained in the application and to other information considered relevant, the Commission is satisfied that the Australian industry manufacturing PVC flat electric cable appears to have experienced injury in terms of:

- price depression;
- price suppression;
- reduced profits; and
- reduced profitability.

6.2 Legislative framework

Subsection 269TC(1) requires that the Commissioner must reject an application for a dumping duty notice if, *inter alia*, he is not satisfied that there appear to be reasonable grounds for the publication of a notice.

Under section 269TG, one of the matters that the Parliamentary Secretary must be satisfied of in order to publish a dumping duty notice is that, because of dumping of the goods, material injury has been or is being caused or is threatened to the Australian industry producing like goods.

6.3 Injury claims

Olex claims that the Australian industry producing PVC flat electric cable has been injured through:

- loss of sales volume;
- reduced market share;
- price depression;
- price suppression;
- reduced profits;
- reduced profitability;
- reduced capacity utilisation; and
- reduced employment.

6.4 Commencement of injury

Olex claims that PVC flat electric cable exported to Australia from China has caused injury to the Australian industry since the March 2011 quarter.

6.5 Approach to injury analysis

As noted previously, the Commission is cautious regarding the use of the ACBPS import data for the goods under tariff classification 8544.49.20 (statistical code 41). As well as covering a wider range of imported products than the goods under consideration, the Commission has identified a small number of transactions in the ACBPS import data which appear to grossly overstate the length of the goods (expressed in millions rather than thousands of metres). Other transactions appear to substantially understate the length of the goods, resulting in a very high unit price per metre which appears unlikely

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compared to similar, contemporaneous transactions. As a result, the Commission does not consider the ACBPS import data to be suitable for the purpose of injury analysis.

The injury analysis detailed in this section is therefore based on the financial and other information submitted by Olex, derived from its own data and the ABS data it purchased for the purpose of preparing this application. With regard to its own data, Olex provided quarterly production, cost and sales data for all PVC flat electric cable products that meet the description of the goods for the period from 1 January 2010 to 30 June 2014. With regard to the ABS data, Olex provided both the raw data for, and Olex's analysis of, the import transactions of the goods falling under the relevant tariff classification for the same period.

To satisfy itself that the ABS data was an appropriate substitute for this analysis, the Commission attempted to adjust the ACBPS data where particular transactions appeared to show an unusually large volume of imported goods; when compared to the ABS import data provided by Olex, the Commission observed that there was a relatively small variance between the two data sets in most quarters. As a result, the Commission is satisfied that Olex's interpretation and use of the ABS data is likely to be indicative of trends in the market even if its accuracy is not absolute.

As the tariff classification code captures imported goods which fall outside the description of the goods, both the ABS and ACBPS data regarding the volume of exports from China will include a proportion of products which are not the goods. No evidence of the actual proportion of the goods has been provided which would enable a more accurate data set to be generated for the purpose of the injury analysis.

Olex has also included an analysis which provides sales volumes for several models of cables which compete with imported products and which fall under the same tariff classification as Olex's like goods. The Commission is satisfied that the analysis demonstrates that the like goods are likely to represent a significant proportion of the goods in the market. However, the Commission does not consider the analysis supports an accurate calculation of the actual size of the market for the goods or the actual volume of Chinese exports of the goods.

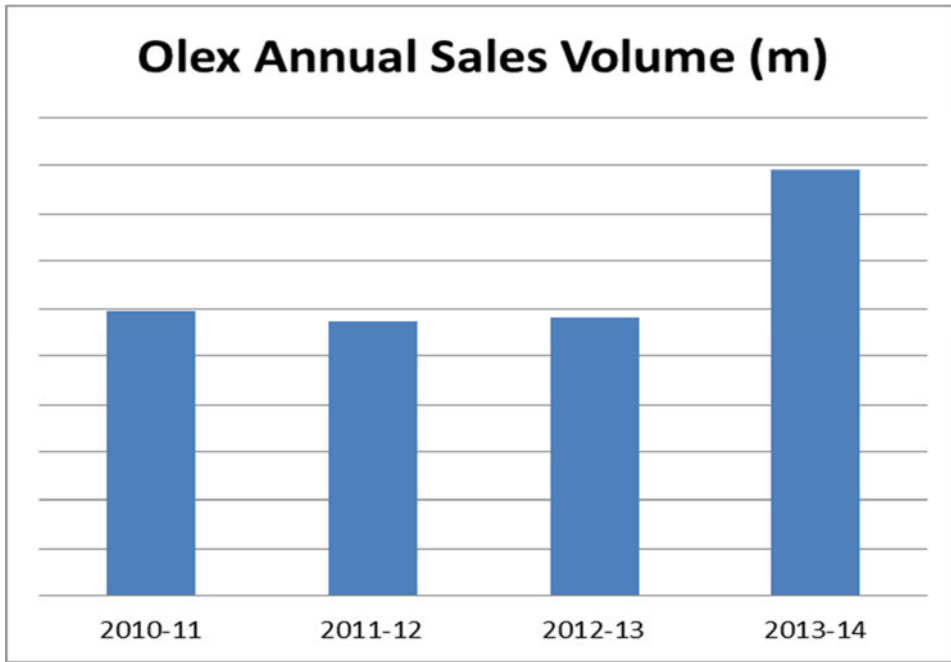
Based on the sales information provided in the application, Olex represents a large proportion of the total volume of sales of the goods by the Australian industry. The Commission therefore considers that Olex's production and sales information provides a reasonable indication of the performance of the Australian industry as a whole.

6.6 Volume effects

Olex claims that it has suffered material injury in relation to loss of sales volume and reduced market share.

6.6.1 Sales volume

The following Graph 2 shows Olex's domestic sales volumes for PVC flat electric cable for the years ending June 2011 to June 2014.

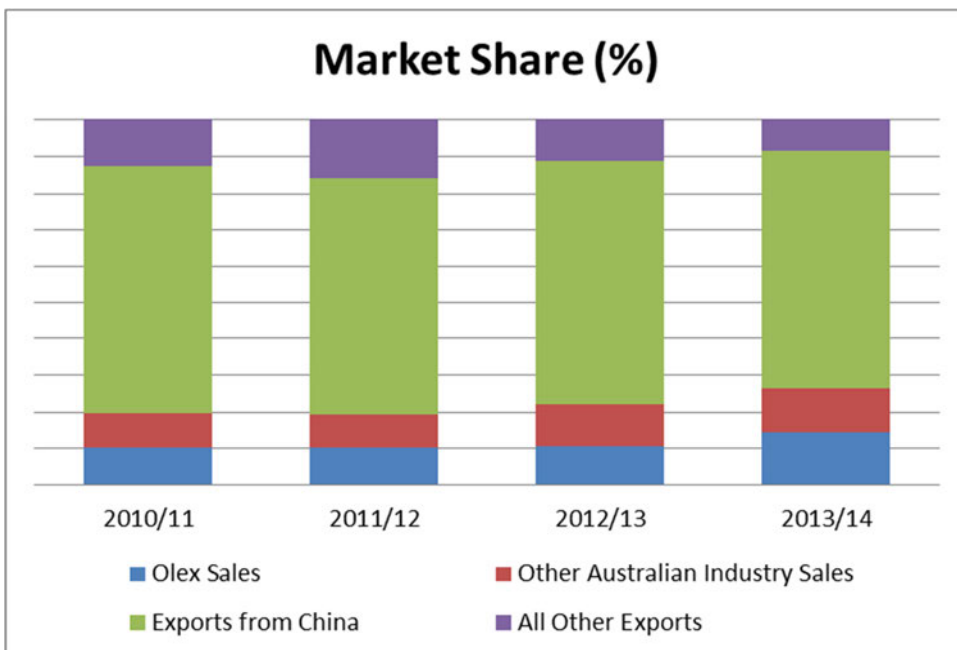


Graph 2 – Olex sales volume by financial years ending 30 June.

Graph 2 indicates that Olex’s sales volumes were relatively flat from 2010/11 until 2012/13, before growing substantially in 2013/14.

6.6.2 Market shares

The Commission has used Olex’s information to generate the following Graph 3 for respective proportion of market share.



Graph 3 – Market Shares (proportion).

Graph 3 indicates that the respective market shares of the Australian industry have been relatively stable since 2010/11, but increased in 2013/14 at the expense of imports (both from China and other countries).

6.6.3 Conclusion: volume effects

The Commission notes that specific, temporary changes in Olex’s pricing and promotional strategies in 2013/14 appear to have resulted in a consequential increase in sales volume and apparent market share. The Commission considers that, in the absence of more accurate import data for the goods, the evidence presented suggests that the Australian industry has not suffered a loss of sales volume or a loss of market share during the proposed investigation period.

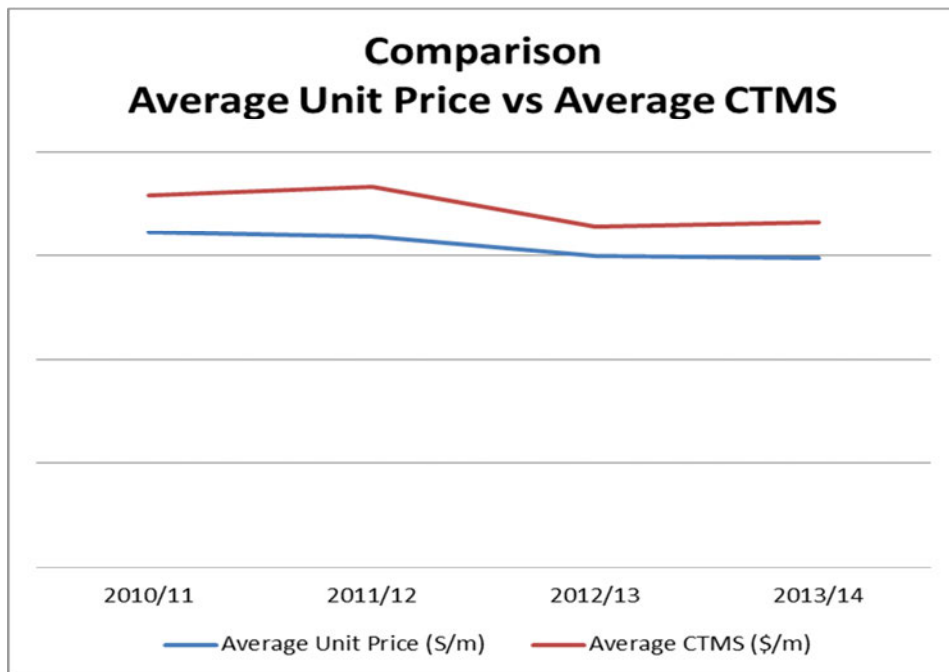
6.7 Price effects

Olex claims that the Australian industry has suffered material injury in the form of price depression and price suppression.

6.7.1 Price depression and price suppression

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs.

The Commission has examined the relationship between Olex’s weighted average cost to make and sell (CTMS) and weighted average unit selling prices for PVC flat electric cable from 2010/11 to 2013/14, as illustrated below.



Graph 4 – Comparison of Olex’s unit price and CTMS by financial year.

Graph 4 shows that:

- Olex’s average unit selling price has decreased in each year since 2010/11;

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- Olex's unit CTMS has remained consistently higher than the unit price; and
- the increased CTMS in 2013/14 was not matched by an increase in the unit price.

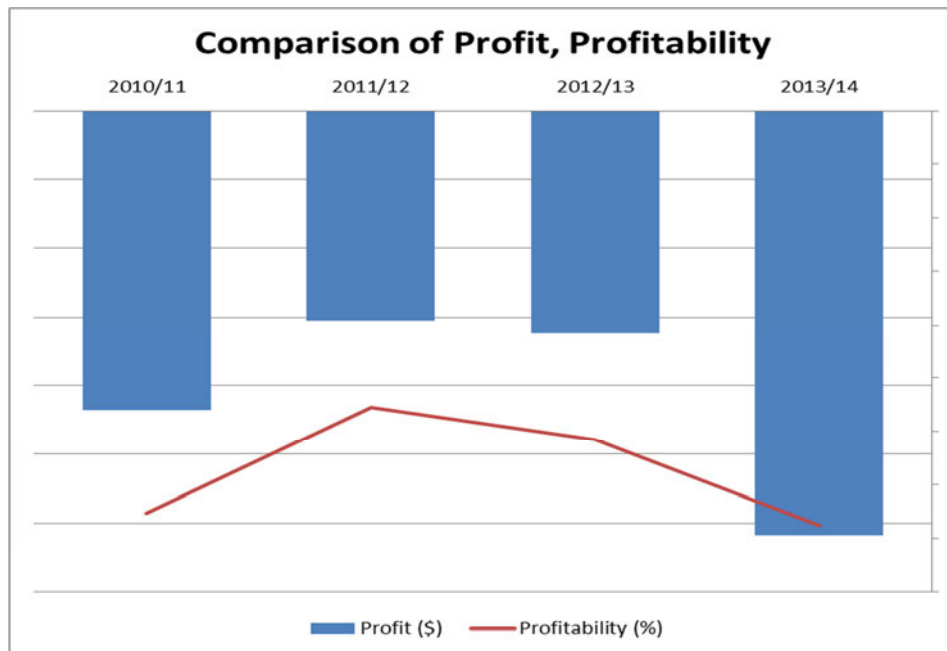
6.7.2 Conclusion: price effects

The Commission considers that the continuous decrease in domestic prices is indicative of price depression. Price suppression is indicated by Olex's inability to raise its prices to a level that would enable Olex to either make a profit or reduce its losses.

The Commission therefore considers that the above analysis supports Olex's claims and indicates price depression and price suppression effects in the Australian market.

6.8 Profit and profitability effects

The following chart shows movements in Olex's profits and profitability (profits measured as a percentage of revenue) for PVC flat electric cable sales in Australia from 2010/2011 to 2013/2014.



Graph 5 – Comparison of profit and profitability by financial year.

Graph 5 indicates that Olex's profits and profitability in respect of domestic PVC flat electric cable sales have been negative since 2010/11, but have consistently deteriorated since 2011/12.

6.8.1 Conclusion: profit and profitability effects

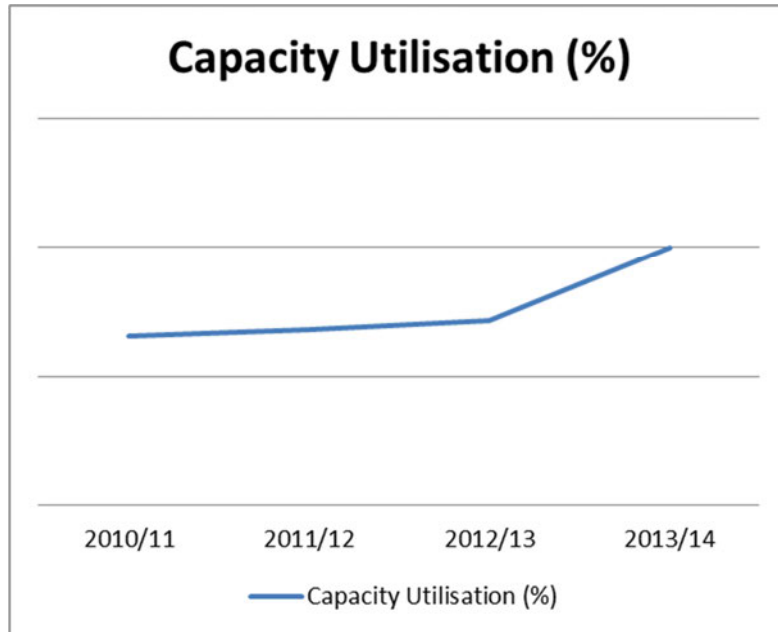
The Commission considers that the data provided in the application supports the claims made by Olex that it has experienced material injury through reduced profits and profitability over the relevant period. The Commission's analysis on profit and profitability is included in **Confidential Appendix 1**.

6.9 Other injury factors

Olex claims that it has experienced injury in respect of the following other economic injury factors:

- reduced capacity utilisation; and
- reduced employment.

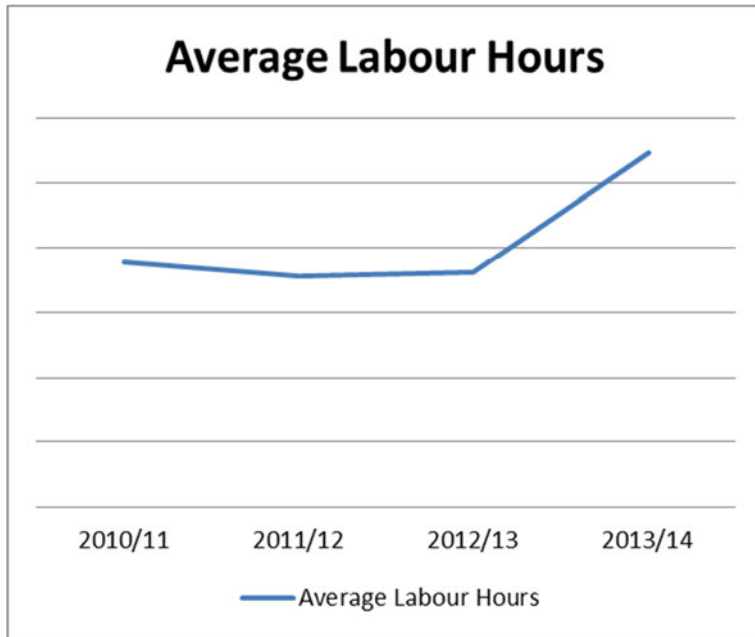
To support its claims regarding other economic injury factors, Olex completed Confidential Appendix A7 for PVC flat electric cables for the period 2010/11 to 2013/14. Graph 6 illustrates Olex's annual capacity utilisation.



Graph 6 – Olex annual average capacity utilisation by financial year ending 30 June.

Graph 6 demonstrates the significant improvement in average capacity utilisation experienced in 2013/14, coinciding with the increase in Olex's overall sales volume.

Graph 7 on the following page illustrates the average of quarterly labour hours used in the production of PVC flat electric cable in each year of the proposed injury period.



Graph 7 – Olex average labour hours by financial year ending 30 June.

Graph 7 demonstrates that there was a significant increase in the average hours worked in 2013/14, coinciding with the increase in Olex’s overall sales volume.

6.9.1 Conclusion: other economic injury effects

The Commission considers that the data provided in the application does not support the claims made by Olex that it has experienced material injury through reduced capacity utilisation and reduced employment during the proposed investigation period. The Commission’s analysis is in **Confidential Appendix 7**.

7 REASONABLE GROUNDS - CAUSATION FACTORS

7.1 Findings

Having regard to the matters contained in the application and to other information considered relevant, the Commission considers that it appears that PVC flat electric cables have been exported to Australia from China at dumped prices, and that the dumping has caused material injury to the Australian industry.

7.2 The applicant's claims

In its application, Olex claims that throughout the proposed injury period there is a direct correlation between the growth in the volume of dumped imports and the decline in sales volume and market share of the applicant and the Australian industry. Olex also claims that there is a direct correlation between prices for dumped imports and Olex's own prices (Diagram A-9.2.1 in the application refers).

Olex has plotted known price offers by an importer and its own corresponding offers to the same customer during the proposed investigation period (Diagram A-9.2.2 in the application refers). Olex claims that the graph also illustrates the depressive effect of undercutting on its own prices.

Olex claims that the strong price competition (including undercutting) from the dumped imports has influenced the downward trend in Olex's prices over the injury period, which in turn has impacted Olex's net gains / losses during the period.

Olex claims that its gross margin percentage (the difference between selling price and the CTM, expressed as a percentage of the selling price) has been impacted by the presence of dumped goods in the market, and that presence has prevented Olex from raising its prices by a sufficient value to cover the unit CTMS.

Olex claims that its capacity utilisation for the like goods is inversely related to price trends for the dumped goods. Olex claims that its utilisation of employees (measured by direct labour hours worked) is also inversely related to volume trends for the dumped goods.

Olex has provided evidence of price negotiations and outcomes for a range of transactions with different customers which allegedly demonstrate the undercutting of list prices by the imported goods. Olex has provided specific examples where its matching of the prices for the dumped goods prevented it from recovering its CTMS. Olex has also provided evidence of nine known instances in which sales volumes were specifically lost to the imported goods between January 2013 and April 2014. Combined, Olex argues that the matching of undercut prices has caused the deterioration in Olex's profit and profitability as outlined previously.

7.2.1 Injury caused by factors other than dumping

In its application, Olex examines the influence of the exchange rate for the Australian dollar on the affordability and price competitiveness of the imported goods. Olex argues that if the value of the Australian dollar was a significant influence, it would expect to see an increase in the quantity of imports of like goods from other countries. Olex notes that it has observed no such increase in the analysis of market share.

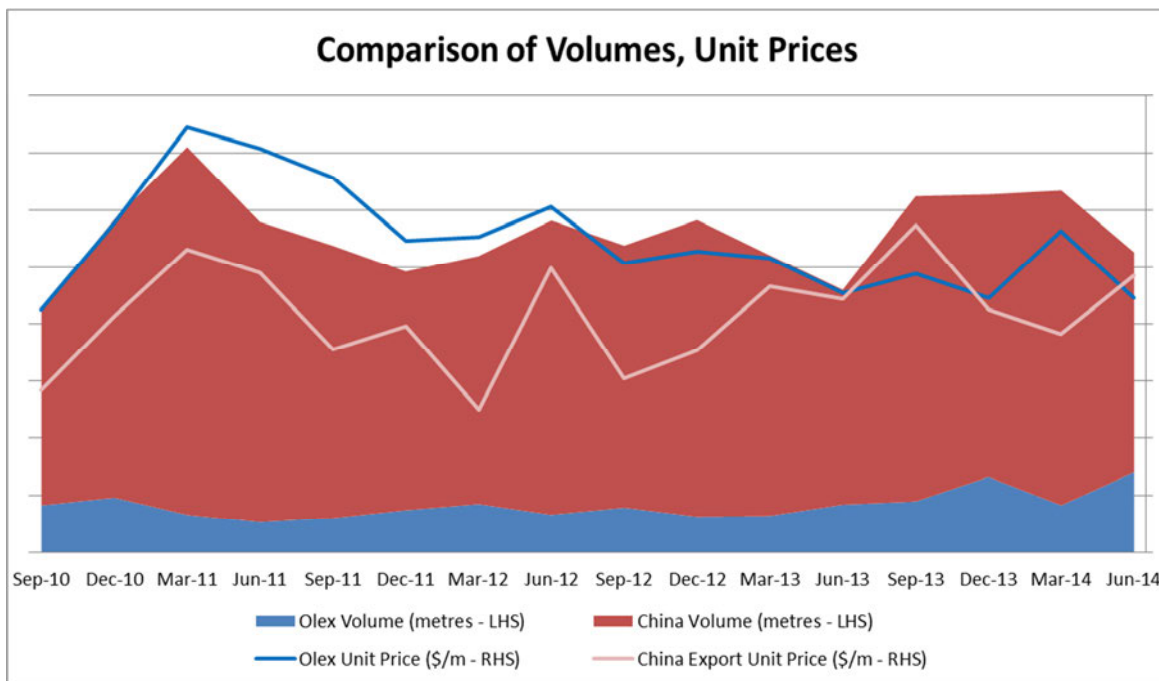
Olex also examines the possibility that material injury may have been caused by price undercutting behaviours of the various members of the Australian industry. Olex has compared the list price offers of the Australian industry members with the price offers by Electra between December 2012 and February 2014; Olex has found that Electra’s offer was cheapest on six of the seven occasions examined. Olex therefore argues that domestic price competition is not a factor causing material injury to the applicant.

7.3 The Commission’s assessment

For the reasons outlined in Chapter 6.6, the Commission does not consider the market information to be greatly accurate, but is satisfied that it is reasonable to use for the purpose of identifying high level trends and therefore whether dumping has caused material injury.

7.3.1 Volumes and Prices

Graph 8 compares Olex’s quarterly sales volumes and unit prices with the apparent quarterly export volume and unit prices for all exports from China.



Graph 8 – Comparison of quarterly volumes and prices.

Graph 8 suggests that:

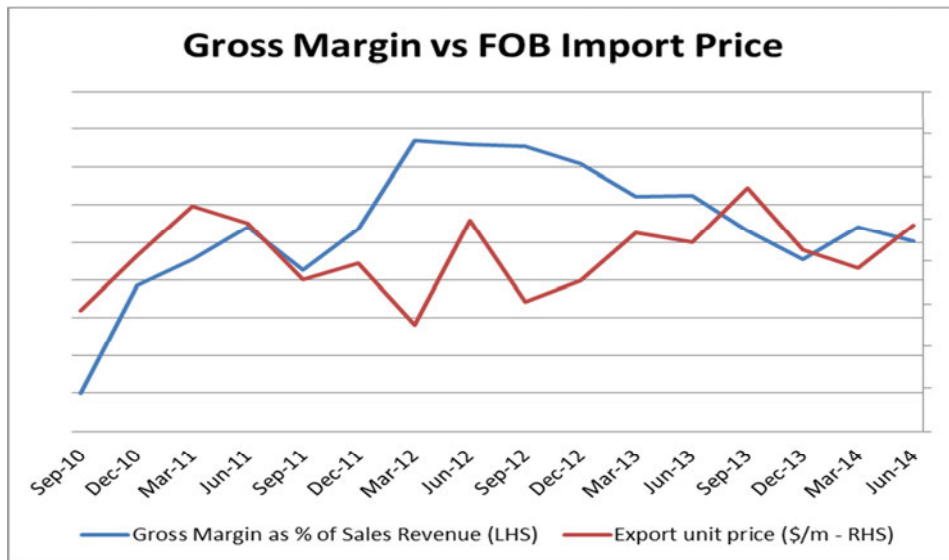
- there is a broad correlation between average quarterly unit prices for both Olex’s and the dumped goods, and it appears to follow a broadly consistent relationship until the March 2013 quarter when the prices appear to converge. This is consistent with Olex’s confidential advice regarding its strategy.
- it is difficult to discern any broad relationship in terms of volumes. As noted previously, the data for imports from China is likely to include a proportion of sales which are not the goods under consideration.

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The nature of the market for PVC flat electric cable (as outlined in this report) is heavily price competitive. If dumped goods are present in the market as Olex alleges, it is reasonable to expect that these goods would exacerbate the level of price competition and have a corresponding negative impact on the volume of Australian industry sales. The Commission's analysis is in **Confidential Appendix 9**.

7.3.2 Margins, Profit and Profitability

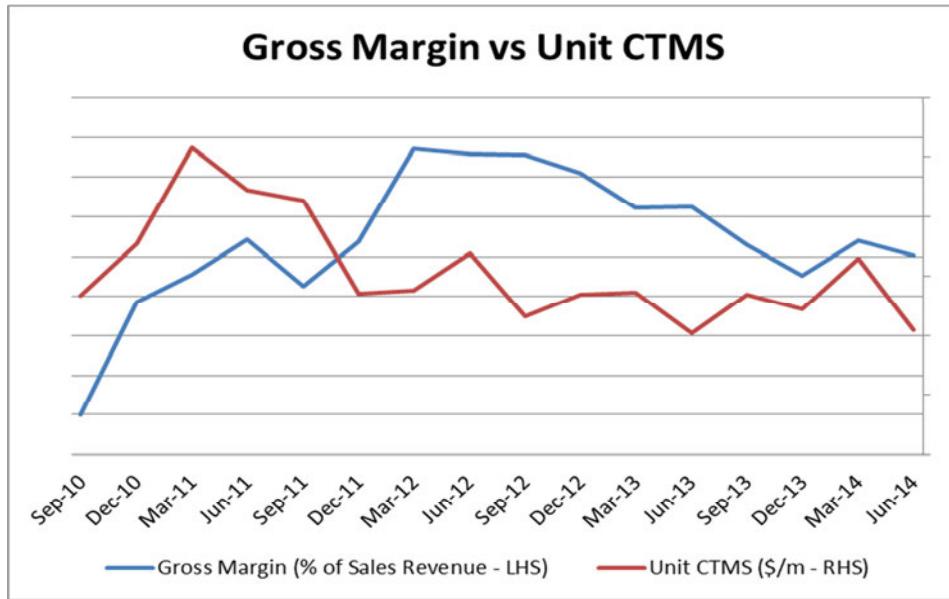
The Commission has examined Olex's quarterly gross margin performance (expressed as a percentage of sales revenue) and compared it to the quarterly average FOB price for the goods exported from China, as presented in Graph 9.



Graph 9 – Comparison of Olex's Gross Margin Percentage with Import Unit Price.

Olex's claim regarding its gross margin performance is that its position improves during periods of increasing dumped import price trends, and that its position deteriorates during periods of declining dumped import price trends. Graph 9 suggests that there is no clear correlation between gross margin and import price trends to support Olex's claim, based on the data presented.

However, a pattern can be observed in the comparison between Olex's gross margin and its per unit CTMS, as presented in Graph 10 on the following page.



Graph 10 – Comparison of Olex’s Gross Margin Percentage with Unit CTMS.

Graph 10 suggests that Olex’s gross margin is declining despite the relatively stable CTMS, which suggests that price competition has increased in the proposed investigation period. The Commission acknowledges that this is a function of Olex’s stated market strategy since 1 January 2013, but accepts Olex’s claim that this is in response to the presence of dumped goods in the market. The Commission’s analysis is in **Confidential Appendix 9**.

7.3.3 Impact of Exchange Rates

The Commission compared the quarterly average exchange rates for the Australian dollar to both the US dollar and Chinese Yuan with the ABS data for the volume of exports from China.¹¹

Graph 11 on the following page indicates that there is no significant correlation between the value of the Australian dollar and the volume of exports from China. Given the overall high volume of exports and the relative volatility from quarter to quarter, the influence of any potential lag (such as between order and delivery timeframes) is also not apparent in the quarterly data. The Commission’s analysis is in **Confidential Appendix 10**.

¹¹ Refer to <http://www.rba.gov.au/statistics/historical-data.html>.



Graph 11 – Comparison of exchange rates with volume of China exports.

7.3.4 Undercutting

The examples of price undercutting provided by Olex suggest that price is the primary basis for competition. However, the evidence of the prices offered are based on the list price and do not indicate what rebates or discounts were subsequently applied in each case (in other words, the “net net” price ultimately paid for the imported goods) and how this compares with the “net net” price that Olex would have ultimately received had it won the sale.

The Commission has therefore applied a deduction to the list prices based on the average importers’ rebate which was verified in the previous investigation, and compared these prices to Olex’s per unit quarterly average sales value during corresponding periods. This analysis (in **Confidential Appendix 11**) suggests that price undercutting has occurred in some transactions. The Commission will examine price undercutting in greater detail during the investigation.

7.3.5 Comparison of export prices and estimated non-injurious prices

As an additional indicator of the causal link between the alleged dumping and injury, the Commission sought to compare the deductive export prices from China to an estimate of a non-injurious price (NIP) for each of the six quarters in Olex’s proposed investigation period (1 January 2013 to 30 June 2014).

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To calculate the estimated NIP for China, the Commission considers it reasonable to estimate the unsuppressed selling price (USP) for PVC flat electric cable products sold by Olex, based on its average CTMS for each quarter. At this stage, the Commission has not applied a profit to this CTMS for the purposes of this test.

The Commission then deducted the same amounts from that USP as were identified for importers' selling, general and administration costs, as well as importers' 'into-store' costs, Customs duty and overseas freight. No profit was included. These calculations provided a NIP at FOB level.

The comparison showed that the quarterly deductive export price from China were below the quarterly NIP, which supports the Australian Industry's injury claims. The Commission's estimated USP and NIP calculations and comparisons with FOB export prices are at **Confidential Appendix 12**.

7.3.6 Conclusion on material injury caused by dumped imports

The Commission notes its earlier observation that the Australian market for PVC flat electric cable appears to be highly price sensitive. The Commission expects that having access to dumped imports would provide an importer with an enhanced ability to compete on price. The Commission has observed that the imported product regularly competes directly with Olex (in terms of the same customers, for like products, on similar terms) and that these prices have sometimes undercut Olex's prices. The Commission considers it reasonable to expect that the dumped goods are exerting pressure on Olex's prices.

Olex claims (and the data provided supports the conclusion that) it has responded to the presence of dumped goods in the market, which has resulted in price depression and price suppression. In turn, this has resulted in reduced profits and profitability. The Commission acknowledges that there is no apparent injury in volume, but considers that the price and profit injury caused by dumping is material.

The Commission is therefore satisfied that, based on the information submitted in the application, the applicant has demonstrated that:

- it appears to have suffered injury; and
- there appear to be reasonable grounds for concluding that PVC flat electric cable products exported to Australia from China at dumped prices have caused material injury to the Australian industry producing like goods.

8 CONCLUSION

The Commissioner has examined the application and is satisfied that:

- the application complies with subsection 269TB(4); and
- there is an Australian industry in respect of like goods; and
- there appear to be reasonable grounds for the publication of dumping duty notice in respect of the goods the subject of the application exported to Australia from China.

For the purposes of the investigation:

- the investigation period to determine whether dumping has occurred will be from **1 July 2013 to 30 June 2014**; and
- The Commission will examine the Australian market and the economic condition of the industry from **1 July 2010** for the purposes of injury analysis.

9 APPENDICES AND ATTACHMENTS

Attachments	Title
Attachment 1	The Commissioner's Public Notice
Appendices	Title
Confidential Appendix 1	Comparison of Olex Sales Volumes and Imports from China
Confidential Appendix 2	Analysis of Market Share
Confidential Appendix 3	Deductive Export Price
Confidential Appendix 4	Constructed Normal Value
Confidential Appendix 5	Dumping Margin Calculation
Confidential Appendix 6	Proportion of the goods exported from China (ACBPS data)
Confidential Appendix 7	Analysis of Capacity & Labour Utilisation
Confidential Appendix 8	Comparison of Volumes, Prices
Confidential Appendix 9	Analysis of Cost To Make & Sell
Confidential Appendix 10	Exchange Rates
Confidential Appendix 11	Undercutting Analysis
Confidential Appendix 12	Non-injurious Price Analysis