



Australian Government
Anti-Dumping Commission

PUBLIC RECORD

INVESTIGATION 271

**ALLEGED DUMPING OF CERTAIN POLYVINYL
CHLORIDE FLAT ELECTRIC CABLE**

**EXPORTED TO AUSTRALIA
FROM THE PEOPLE'S REPUBLIC OF CHINA**

**PRELIMINARY AFFIRMATIVE
DETERMINATION**

REPORT NO. 271

15 January 2015

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ABBREVIATIONS

\$	Australian dollars
the Act	<i>Customs Act 1901</i>
ACBPS	The Australian Customs and Border Protection Service
ADN	Anti-Dumping Notice
the applicant	Olex Australia Pty Ltd
Australian Standard	Australian / New Zealand Standard AS/NZS 5000.2
the Commission	Anti-Dumping Commission
China	The People's Republic of China
Dongguan	Dongguan Minxing Cables Co., Ltd
Electra	Electra Cables (Aust.) Pty Ltd
Guilin	Guilin International Wire & Cable Group Co., Ltd
the Guilin Group	the group of related companies headed by Guilin International Wire & Cable Group Co., Ltd and comprising: <ul style="list-style-type: none">• Guilin Xianglong Wire and Cable Co., Ltd.• Guilin Feilong Wire and Cable Co., Ltd.• Ao Ning Electric Cables Co., Ltd.• Guangxi Machinery Import & Export Co., Ltd• Guilin Fortune Import & Export Trading Co., Ltd• Guilin Yuanhai Import and Export Trading Co., Ltd• Interest-Link Co., Ltd
Olex	Olex Australia Pty Ltd
PAD	Preliminary Affirmative Determination
PVC	Polyvinyl chloride
SEF	Statement of Essential Facts
the goods	the goods the subject of the application (also referred to as the goods under consideration or GUC)

1 SUMMARY AND PRELIMINARY FINDINGS

1.1 Introduction

This Preliminary Affirmative Determination (PAD) Report Number 271 sets out the reasons for the Commissioner of the Anti-Dumping Commission (the Commissioner) being satisfied that there appears to be sufficient grounds for the publication of a dumping duty notice, and therefore for making a PAD under s. 269TD of the *Customs Act 1901* (the Act).¹

The preliminary findings, conclusions and provisional calculations discussed in this report are made for the purpose of the PAD and are based on information available at the time of making the PAD. It is possible for these findings, conclusions and calculations to change between publication of the PAD and publication of the Statement of Essential Facts (SEF) as more information becomes available.

1.2 Background

On 3 September 2014, Olex Australia Pty Ltd (Olex) (the applicant) lodged an application requesting that the then Minister for Industry (Minister) publish 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).

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 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.

Following consideration of the application, the Commissioner decided to initiate an investigation. Public notification of the initiation of the investigation was made on 6 November 2014 in *The Australian* newspaper and through Anti-Dumping Notice (ADN) No. 2014/118.

¹ References to any section or subsection of legislation are references to the *Customs Act 1901* unless otherwise specified.

1.3 Investigation process and timeframes

The Commission established an investigation period of 1 July 2013 to 30 June 2014 for the purpose of assessing dumping. Injury analysis commenced from 1 July 2010 for the purpose of analysing the condition of the Australian industry. Following initiation, interested parties were invited to make submissions and/or respond to the relevant importer or exporter questionnaires by 16 December 2014.

The SEF for the investigation is due to be placed on the public record by 24 February 2015, or such later date as the Minister allows under s. 269ZHI. The SEF will set out the material findings of fact on which the Commissioner intends to base his recommendations to the Minister, and will invite interested parties to respond, within 20 days, to the issues raised therein. Following receipt and consideration of submissions made in response to the SEF, the Commissioner will provide his final report and recommendations to the Minister. This final report is due no later than 10 April 2015, unless an extension to the SEF is approved by the Minister.

1.4 Requirements for a Preliminary Affirmative Determination

In accordance with s. 269TD, the Commissioner may make a PAD if he is satisfied that there appears to be sufficient grounds for the publication of a dumping duty notice, or that it appears that there will be sufficient grounds subsequent to the importation into Australia of the goods. In deciding whether to make a PAD, the Commissioner must have regard to the application and any submissions received within 40 days of the initiation of the investigation. The Commissioner may also have regard to any other matters that he considers relevant.

The Commissioner may make a PAD at any time after day 60 of the investigation; in the current investigation, that day is 5 January 2015. If a PAD is made, the Australian Customs and Border Protection Service (ACBPS) may require and take securities under section 42 if the Commissioner is satisfied that it is necessary to do so to prevent material injury to an Australian industry occurring while the investigation continues. The Commissioner must give public notice of the PAD and of a decision by the ACBPS to require and take securities.

1.5 Summary of preliminary findings

The Commission makes the following preliminary findings, which are explained in greater detail in the remainder of this report.

1.5.1 Like goods and the Australian industry (Chapter 4 and 5 of this report)

The Commission is satisfied there is an Australian industry producing 'like goods' to the goods the subject of the investigation.

1.5.2 Dumping (Chapter 6 of this report)

The Commission's preliminary assessment shows that PVC flat electric cable has been exported to Australia from China in the investigation period at dumped prices where:

- the margin of dumping was not negligible; and
- the volume of dumped goods was not negligible.

The Commission has preliminarily assessed the following dumping exporter-specific dumping margins in relation to PVC flat electric cable exported to Australia in the investigation period:

Exporters	Preliminary dumping margin
Guilin and the Guilin Group	6.4%
Dongguan	- 2.4%
Uncooperative exporters	10.3%

1.5.3 Economic condition of the Australian industry (Chapter 7 of this report)

The Commission has preliminarily assessed that the Australian industry producing like goods has suffered injury in the form of price depression, price suppression, reduced profits and reduced profitability.

1.5.4 Causation (Chapter 8 of this report)

The Commission has preliminarily assessed that the dumping of PVC flat electric cables exported to Australia from China has caused material injury to the Australian industry producing like goods.

1.6 Conclusion

Based on the available information and evidence before it, the Commission considers that:

- PVC flat electric cable has been exported from China at dumped prices;
- there is an Australian industry producing like goods that is experiencing injury; and
- the dumped goods are causing injury to the Australian industry which is material.

The Commission is satisfied that there appears to be sufficient grounds for the publication of a dumping duty notice in respect of PVC flat electric cable exported to Australia from China. The Commission recommends that the Commissioner therefore make a PAD pursuant to s. 269TD by signing the instrument at **Attachment A**. The Commission proposes that the ACBPS take securities under s. 42 in respect of interim dumping duties that may become payable.

2 EVIDENCE RELIED UPON BY THE COMMISSION

2.1 Evidence provided by the applicant

The Commission has verified the data provided by the applicant, with the visit report to be published on the public record in due course. The Commission is satisfied as to the accuracy and relevance of the sales data, cost to make and sell data, and other information provided by Olex in connection with this investigation.

2.2 Evidence provided by the Australian Industry

The Commission has received information from the three other Australian manufacturers regarding volumes and net revenue for sales of the like goods for all quarters of the injury analysis period. Although unverified, the Commission has observed that the data bears a close correlation to other comparable data which is available to it. The Commission therefore considers that the data is likely to be reasonably accurate. The Commission notes that it may decide to verify the data provided by the three other Australian manufacturers.

2.3 Evidence provided by importers

2.3.1 Electra Cables (Aust) Pty Ltd

The Commission received a preliminary response to the importer questionnaire from Electra Cables (Aust) Pty Ltd (Electra) on 16 December 2014, comprising raw data for all of Electra's sales during the investigation period as well as the original invoices for 16 importations of the goods that were requested by the Commission. The Commission granted Electra an extension of time to submit the outstanding information, with the new due date being 15 January 2015.

Although unverified, the Commission has observed that the data bears a close correlation to other comparable data which is available to it. The Commission therefore considers that the data is likely to be reasonably accurate. The Commission notes that it intends to verify Electra's data at a time convenient to both parties.

2.4 Evidence provided by exporters

2.4.1 Dongguan Minxing Cables Co., Ltd

The Commission provided a short extension of time to Dongguan Minxing Cables Co., Ltd (Dongguan) to complete the exporter questionnaire, which was received on 22 December 2014. Dongguan has provided information on its exports of the goods to Australia, its cost to make and sell, and details of its purchases of the key raw materials, being copper and PVC. Although unverified, the Commission has observed that the data bears a close correlation to other comparable data which is available to it. The Commission therefore considers that the data is likely to be reasonably accurate.

2.4.2 Guilin International Wire & Cable Group Co., Ltd

The Commission received a response to the exporter questionnaire from the largest exporter of PVC flat electric cables, being Guilin International Wire & Cable Group Co., Ltd (Guilin) and its related companies (collectively, referred to in this report as the Guilin Group)² on 14 January 2015. The Commission had previously granted Guilin an extension of time to complete the exporter questionnaire.

The Commission made it clear that the extension of the due date for the Guilin response to the exporter questionnaire would not affect the Commissioner's ability to consider and make a PAD by Day 60 of the investigation where he is satisfied as to the requisite grounds. The Commission also made it clear that for Guilin's response to the exporter questionnaire to be considered prior to the Commissioner's consideration of the appropriateness of a PAD at day 60 of the investigation, the response would need to be submitted to the Commission no later than 30 December 2014. Guilin provided no information by that date.

The Commission has not relied on any data or information submitted by the Guilin Group on 14 January 2015 for the purposes of the analysis contained in this report.

² The Guilin group of companies comprises: Guilin Xianglong Wire and Cable Co., Ltd.; Guilin Feilong Wire and Cable Co., Ltd.; Ao Ning Electric Cables Co., Ltd.; Guangxi Machinery Import & Export Co., Ltd; Guilin Fortune Import & Export Trading Co., Ltd; Guilin Yuanhai Import and Export Trading Co., Ltd; and Interest-Link Co., Ltd.

3 THE GOODS

3.1 The goods under investigation

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.

Further detail regarding this description (including products which are not the goods) can be found in *Consideration Report 271*.

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

The Commission notes that the particular PVC flat electric cable the subject of this investigation represents a very narrow range of the electrical cable products that fall under tariff subheading 8544.49.20.

4 LIKE GOODS AND THE AUSTRALIAN INDUSTRY

4.1 Preliminary assessment

Based on information available at the time of making the PAD, the Commission is satisfied there is an Australian industry producing like goods to the goods the subject of the application and that the like goods are produced in Australia.

4.2 Like goods

Subsection 269T(1) of the Act 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.

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.

4.3 Australian industry producing like goods

The Commission has obtained samples of the imported goods, along with a sample of the like goods produced by Olex and one other manufacturer in Australia. The Commission observed that the samples are largely identical, with only superficial variations (for example, the shade of white for the sheathing was not consistent).

The Commission considers that pricing behaviour in the market indicates that the imported goods and the like goods produced by Australian manufacturers are completely interchangeable. The goods are sold to the same types of end users (wholesalers, retailers, contractors) and for the same purposes and end uses. The Commission observed Olex's manufacturing facilities operating to produce PVC flat electric cable at its Lilydale plant in Victoria.

The Commission has assessed, based on the information currently before it, that Olex has demonstrated the following in relation to PVC flat electric cables:

- the primary physical characteristics of the goods and locally produced goods bear a close resemblance;
- the goods and locally produced goods are commercially alike as they are sold to common users, and directly compete in the same market;
- the goods and locally produced goods are functionally alike as the range of end-uses are alike; and
- the goods and locally produced goods are highly likely to be manufactured in a manner which is alike.

Having regard to the above, the Commission is satisfied that the Australian industry produces like goods to the goods the subject of the application, as defined in s. 269T(1).

5 THE AUSTRALIAN MARKET

5.1 Preliminary assessment

Based on information available at the time of making the PAD, the Commission is satisfied that the Australian market for PVC flat electric cable is supplied by imports (primarily from China) and four Australian producers. The Commission notes that a significant driver of demand is the rate of construction activity such as new housing and commercial developments and refurbishments of existing properties.

5.2 Market size and shares

There are currently four manufacturers of the like goods in Australia, of which Olex is the largest. All other PVC flat electric cable supplied to the market is imported, primarily by Electra but the information provided by Dongguan indicates that there may be other, smaller importers of the goods.

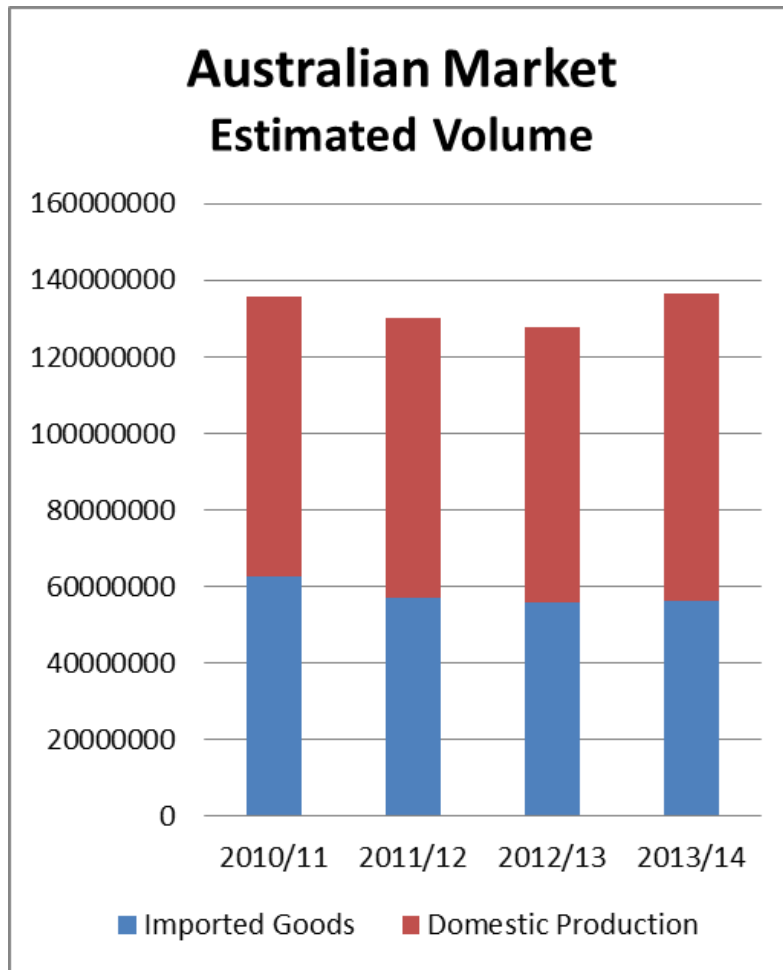
As noted in *Consideration Report 271*, the Commission is cautious regarding the use of ACBPS import data for the goods under tariff classification 8544.49.20 (statistical code 41), as that data includes a much wider range of imported products than the goods under consideration.

The Commission has now obtained quarterly sales volumes and net values for the four Australian producers, which indicates that domestic production has accounted for between 70 million and 80 million metres of PVC flat electric cable sold in each financial year from 2010/11 to 2013/14.

The Commission has also received raw sales data for Electra's sales during the investigation period (1 July 2013 to 30 June 2014), and data relevant to Dongguan's exports during the same period. The Commission has also had regard to the verified information obtained in the previous investigation³ which indicated the volume of PVC flat electric cable exported to Australia by Guilin in financial year 2010/11.

The Commission has used the average volume of the imported goods in those two years (financial years 2010/11 and 2013/14), expressed as a proportion of Australian production, to estimate the share of the market represented by imported goods in the two intervening years (2011/12 and 2012/13). The result is represented on the following page.

³ Investigation 178, Electric cables exported from China.
The investigation was initiated on 9 September 2011 and terminated in February 2012.

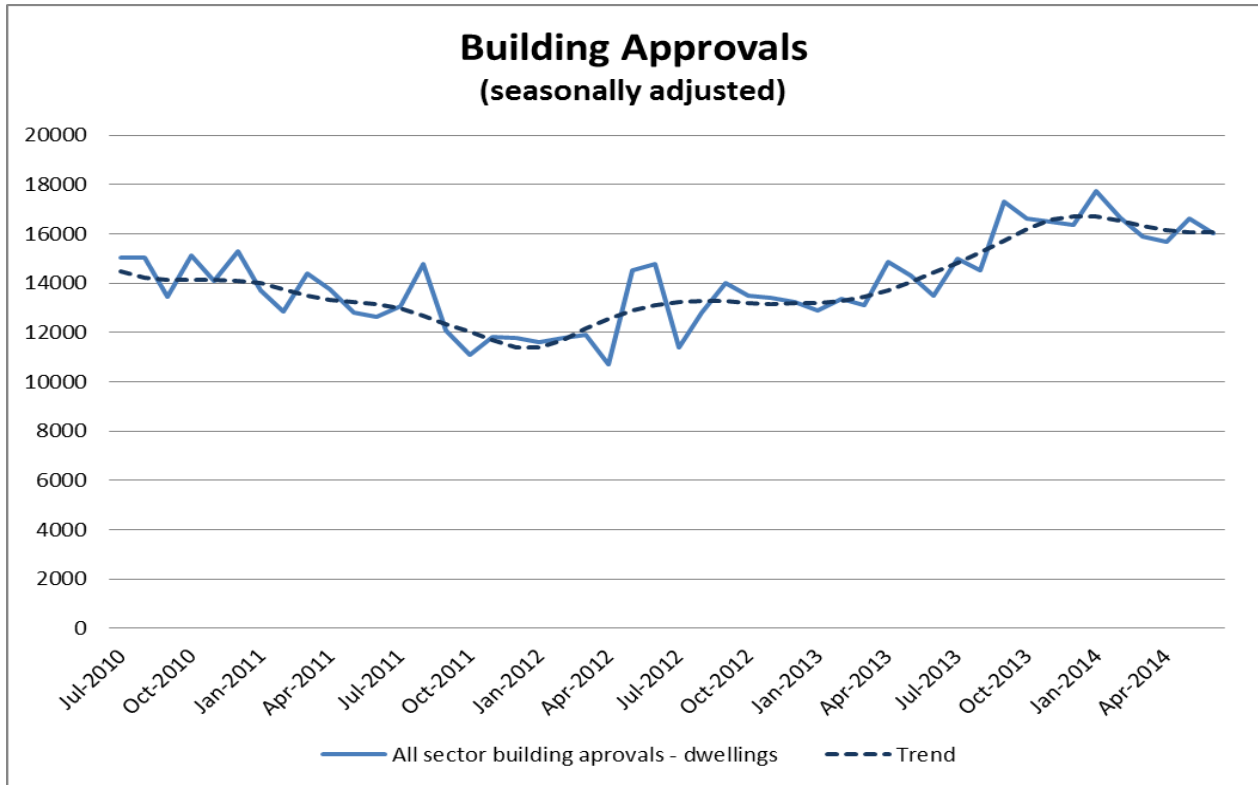


Graph 1 - Share of Australian Market, Estimated Volume

The analysis suggests that the total market for PVC flat electric cable was approximately 137 million metres in financial year 2013/14. The Commission’s analysis of market share is included at **Confidential Attachment 1**.

5.3 Demand

Olex has previously advised that new housing / commercial development and refurbishment of existing properties tends to drive demand for the goods and the like goods. The Commission has therefore obtained Australian Bureau of Statistics (ABS) data to track monthly dwelling approvals over the period 1 July 2010 to 30 June 2014. This information is presented on the following page.



Graph 2 – Building Approvals (Source: ABS 8731.0 Building Approvals, Australia)

The Commission notes the growth trend in building approvals since January 2012, but particularly during calendar year 2013. Olex advised that there is often a lag of several months between the date of a building approval and the subsequent purchase of PVC flat electric cable. The Commission considers that this pattern is apparent when comparing Graph 2 with the overall pattern of sales in Graph 1. The Commission is satisfied that demand for PVC flat electric cable is currently growing, but may slow in 2014/15 if the flat trend for approvals (observed in the period from January 2014) continues.

6 DUMPING

6.1 Preliminary assessment

The Commission’s preliminary assessment shows that PVC flat electric cable has been exported to Australia in the investigation period at dumped prices where:

- the margin of dumping was not negligible; and
- the volume of dumped goods was not negligible.

The Commission has preliminarily assessed the following exporter specific dumping margins in relation to PVC flat electric cable exported to Australia in the investigation period:

Exporters	Preliminary dumping margin
Guilin and the Guilin Group	6.4%
Dongguan	- 2.4%
Uncooperative exporters	10.3%

The Commission has relied on the following methodologies to calculate these margins.

6.2 Export Price

6.2.1 Guilin

The Commission has received 16 invoices from Electra which relate to selected importations of PVC flat electric cable during the investigation period, all of which indicate that the goods were purchased from companies in the Guilin Group. The Commission has observed that the invoices show the volume and value of each model of cable imported, and that the model which relates to the goods under consideration can be readily identified. The Commission has observed the prices and delivery terms for each invoice. The Commission considers these invoices are suitable for establishing an export price for Guilin for the purpose of the PAD assessments.

The Commission has established an export price pursuant to s. 269TAB(1)(a) using the price paid or payable for the goods by the importer, other than any part of that price that represents a charge in respect of any matter arising after exportation.

These calculations are at **Confidential Attachment 2**.

6.2.2 Dongguan

In its response to the exporter questionnaire, Dongguan has provided the Commission with details for all export transactions of the goods, which includes details of the prices paid by the Australian importers in Chinese Yuan (RMB). The Commission considers the export price data provided by Dongguan is suitable for establishing an export price for Dongguan for the purpose of the PAD assessment.

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The Commission has established an export price pursuant to s. 269TAB(1)(a) using the price paid or payable for the goods by the importer, other than any part of that price that represents a charge in respect of any matter arising after exportation.

These calculations are at **Confidential Attachment 3**.

6.2.3 Uncooperative exporters

The Commission is treating all exporters of PVC flat electric cable from China in the investigation period other than Guilin and Dongguan as 'uncooperative exporters', as defined in terms of s. 269T(1).

The Commission has therefore determined an export price pursuant to s. 269TAB(3) after having regard to all relevant information. Specifically, the Commission has used the lowest quarterly export price of those that were established for Guilin and Dongguan.

6.3 Normal Value

6.3.1 Guilin

The Commission notes that the previous investigation found that there were insufficient domestic sales of PVC flat electric cable by Guilin to use domestic prices for the purpose of calculating a normal value. The Commission notes that the previous investigation therefore constructed a normal value, using Guilin's actual cost to make and adding amounts for selling, general and administrative costs and profit, which were calculated by reference to Guilin's broader economic performance.

In the absence of a completed Exporter Questionnaire, the Commission has reviewed the information verified in the previous investigation and compared Guilin's data with verified information relating to Olex and the information provided by Dongguan (discussed below).

The Commission has observed that the volume of copper used in the manufacture of the goods (by Dongguan) and the like goods (by Olex) is similar, which is largely a function of the product characteristics and electrical performance required by the Australian Standard. The Commission has also observed that copper is by far the largest component of the cost to make PVC flat electric cable.

The Commission has established that the average cost of copper paid on the Shanghai Futures Exchange (SHFE) during the period 1 July 2010 to 30 June 2011 (the investigation period relating to the previous investigation) was 8366.08 RMB / tonne. The Commission has indexed this amount to the monthly average copper price on the SHFE during the current investigation period, as provided by Olex with its application.⁴

⁴ Confidential Attachment B-3.1.1 refers.

Using the weighted average constructed normal value for a certain Guilin model of the goods⁵ (generated in the previous investigation) as the base line, the Commission has used the copper price index to extrapolate a constructed normal value for each month of the investigation period. The index has been further moderated to reflect the estimated proportion of the total normal value that was represented by copper (based on an estimated usage rate which is proportionate to both Olex and Dongguan), and assumed that all other input costs and margins have remained constant. These values have then been averaged to generate a quarterly constructed normal value for Guilin.

The Commission has determined these normal values under s. 269TAC(6) after having regard to all relevant information. The Commission's calculations are at **Confidential Attachment 4**.

6.3.2 Dongguan

Dongguan has provided the Commission with detailed cost to make and sell information. Dongguan has also provided a spreadsheet which lists all purchases of copper and PVC relevant to the manufacture of the goods during the investigation period. Dongguan's response to the Exporter Questionnaire (which will be shortly added to the public record) indicated that there were no sales of like goods into the domestic market.

The Commission therefore constructed a normal value for Dongguan in accordance with the methodology outlined in s. 269TAC(2)(c), using Dongguan's actual cost to make the exported goods in the investigation period, and verified selling, general and administrative costs and profit for domestic sales in the previous investigation. The Commission has taken this approach in order to use a reasonable estimate for these normal value components because s. 269TAC(2)(c) requires that such components be based on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in the country of export.

The Commission's calculations are at **Confidential Attachment 5**.

6.3.3 Uncooperative exporters

The Commission is treating all exporters of PVC flat electric cable from China in the investigation period other than Guilin and Dongguan as 'uncooperative exporters', as defined in terms of s. 269T(1).

The Commission has therefore determined normal value pursuant to s. 269TAC(6) after having regard to all relevant information. Specifically, the Commission has used the highest normal value of those that were established for Guilin and Dongguan in the investigation period. The Commission notes that this coincided with the same quarter which generated the lowest export price for the same exporter.

⁵ The Commission has found that the model designation used in this calculation represents a large proportion of all PVC flat electric cable exported from China by the Guilin Group. The model also aligns closely to the like goods manufactured in Australia.

6.4 Preliminary dumping margins

Using the inputs outlined above, the Commission has calculated dumping margins by comparing the weighted average of export prices over the whole investigation period with the weighted average of corresponding normal values over the whole of that period in accordance with s. 269TACB(2)(a).⁶

Exporters	Preliminary Dumping margin
Guilin and the Guilin Group	6.4%
Dongguan	- 2.4%
Uncooperative exporters	10.3%

The Commission is satisfied that, when expressed as a percentage of the total Australian import volume, the volume of goods exported from China to Australia at dumped prices, in the investigation period, was not negligible in terms of s. 269TDA(4). The Commission's calculations are included at **Confidential Attachment 6**.

⁶ The weighting for Dongguan was calculated by reference to the actual volume of the goods exported by Dongguan throughout the investigation period. The weighting for Guilin was calculated by reference to the volume of the goods exported in the 16 transactions for which invoices were provided by Electra.

7 ECONOMIC CONDITION OF THE AUSTRALIAN INDUSTRY

7.1 Preliminary assessment

The Commission has preliminarily assessed that the Australian industry producing like goods has suffered injury in the form of price depression, price suppression, reduced profits and reduced profitability during the investigation period.

7.2 Commencement of injury, and analysis period

The Commission established an injury analysis period commencing 1 July 2010. Olex claimed that dumped goods had been present in the market prior to these dates, but that injury had been particularly felt since the quarter ending 31 March 2011.

7.3 Injury claims

Olex's sales represented over 40 per cent of total domestic sales of Australian production for like goods during the four year injury analysis period. Noting the high degree of price competition and the interchangeable nature of the goods and the like goods, the Commission considers Olex's performance to be a reasonable proxy for considering the performance of the Australian industry at large.

In *Consideration Report 271*, the Commission found that there appeared to be sufficient evidence to support Olex's claims that the Australian industry has experienced injury in terms of:

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

The Commission has analysed these claims in light of the additional information it has obtained since the completion of *Consideration Report 271*, below.

7.3.1 Price suppression and price depression

The Commission has analysed the average net unit prices obtained by the four Australian manufacturers over the period 1 July 2010 to 30 June 2014. The analysis indicates that net unit prices have declined over the course of the injury analysis period. The Commission notes that there has been a declining trend in the cost of copper over the same period. However, as was noted in *Consideration Report 271*, the Commission has observed that an increase in Olex's cost to make and sell during financial year 2013/14 was not able to be recovered by an increase in Olex's prices.

The Commission again notes its earlier finding in Chapter 5 of this report that demand for PVC flat electric cable was growing during the investigation period (1 July 2013 to 30 June 2014). 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 indicates price depression and price suppression effects in the Australian market.

The Commission's analysis of Olex's price depression and price suppression is at **Confidential Attachment 7**.

7.3.2 Reduced profits and reduced profitability

The Commission has verified the profit and profitability (profits measured as a percentage of revenue) information provided by Olex at the time of its application. The analysis 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. The rate of deterioration increased substantially in the investigation period.

The Commission's analysis of Olex's profit and profitability is at **Confidential Attachment 7**.

7.3.3 Other economic factors

Olex's application claimed that it had suffered a loss of sales volume and reduced market share, reduced capacity utilisation and reduced employment. The Commission found no evidence to support these claims at the time of writing *Consideration Report 271*. The Commission has not obtained any new evidence which would support these claims in the course of its investigation to date.

Olex noted at the verification visit that injury may be suffered in a growing market if the Australian industry has not grown at the same or similar rate as the market has grown, as would be expected in an otherwise competitive market. Although the Commission has found that demand for PVC flat electric cable was growing during the investigation period, the Commission's analysis in Graph 1 suggests that any increase in demand has been met by domestic production, not imports.

The Commission notes that Olex has been asked to provide additional data regarding its performance in the quarters ending September 2014 and December 2014, to enable the Commission to analyse whether the injurious effects identified above are continuing.

8 CAUSATION

8.1 Preliminary assessment

The Commission has preliminarily assessed that the dumping of PVC flat electric cables exported to Australia from China has caused material injury to the Australian industry producing like goods.

8.2 Price, profit and profitability effects caused by dumping

The Commission has analysed the sales data provided by Electra to identify customers in Australia it has in common with Olex. The Commission has compared the sales to these common customers during the investigation period and found that similar models are sold at similar gross prices. The Commission observed that the imported product regularly competes directly with Olex (in terms of the same customers, for like models).

The Commission has used the evidence of the likely rebates and discounts offered by Electra in the market that was provided by Olex at the time of the application to generate estimated net prices for Electra. Having regard to the verified details for Electra rebates and discounts from the previous investigation, the Commission considered its approach to estimating Electra's net prices was reasonable. The Commission has subsequently compared estimated Electra net prices with verified Olex net prices over the investigation period. The Commission has plotted them by unit price and date of sale for one particular model (being white, 100 metres, which is the largest selling variant of both the goods and the like goods) where the data demonstrates there has been a common customer. This analysis is contained in **Confidential Attachment 8**.

The analysis demonstrates that prices show a degree of correlation that indicates competition in the market between Olex and Electra products is very strong. The data supports Olex's claims regarding its pricing behaviour during the investigation period. The analysis tends not to support Olex's claims that its prices were being undercut. However, the Commission considers that this outcome is consistent with the finding that the imported and domestically produced PVC flat electric cable are essentially identical and competition is primarily on the basis of price.

The Commission considers that Electra is provided a competitive advantage because it purchases the goods at what appear to be dumped prices. The Commission considers that this allows Electra to be more competitive on price than otherwise would be the case. The Commission considers the Australian market for PVC flat electric cables is a price sensitive one. The Commission therefore considers that the dumping is allowing Electra to exert pressure on Olex's prices, which in turn has the adverse effects on price, profit and profitability described above. The Commission considers the injury caused by dumping to be material.

8.2.1 Injury caused by factors other than dumping

The Commission has not obtained any new evidence which would indicate that there are factors other than dumping which are causing the injury observed. The Commission has nothing to add to its observations in *Consideration Report 271* in this regard.

9 NON INJURIOUS PRICE

9.1 Preliminary assessment

Noting the operation of s.8(5BAA)(b) of the *Customs Tariff (Anti-Dumping) Act 1975* and the Commission's ongoing investigation, the Commission recommends that regard should not be had to the desirability of fixing a lesser rate of duty.

9.2 Relevant legislation

Duties may be applied where it is established that dumped imports have caused or threatened to cause material injury to the Australian industry producing like goods. The level of dumping duty imposed by the Minister cannot exceed the margin of dumping, but the Minister must have regard to the desirability of fixing a lesser amount of duty if it is sufficient to remove the injury.⁷

However, pursuant to s. 8(5BAA) of the *Customs Tariff (Anti-Dumping) Act 1975*, the Minister is not required to have regard to the desirability of fixing a lesser amount of duty in certain circumstances, including where the Australian industry producing like goods consists of at least two small-medium enterprises. However, this does not limit the Minister from having regard to fixing a lesser level of duty if considered reasonable in the circumstances.

9.3 The Commission's assessment

The Commission has not received any submissions from interested parties that address either the desirability of the Minister fixing a lesser amount of duty, or, if such an approach was to be taken, how this lesser amount of duty should be determined.

Noting the magnitude of the preliminary dumping margins calculated for this report, the Commission recommends that the full margin of the dumping found in this PAD should be applied to the collection of securities recommended in Chapter 10 of this report.

⁷ s. 269TG(5)

10 PROVISIONAL DUMPING MEASURES

10.1 Finding

Based on the verified and unverified information and data outlined in this report, the Commission considers that securities are warranted to prevent material injury being suffered by the Australian industry whilst the investigation continues. The Commission therefore recommends that the Commissioner request the ACBPS to take securities in respect of imports of PVC flat electric cables from China entered for home consumption on or after **19 January 2015**.

10.2 Provisional measures

The forms of duty available when implementing measures are prescribed in the *Customs Tariff (Anti-Dumping) Regulation 2013* and include:⁸

- combination of fixed and variable duty method (combination method);
- floor price duty method;
- fixed duty method (\$X per tonne); or
- ad valorem duty method (i.e. a percentage of the export price).

The Commission recommends that securities be calculated by **the combination of fixed and variable duty method**. Securities will be at the level of the full dumping margins as shown in the table below, plus an extra security will be taken where the actual export price is lower than the confidential ascertained export price set by the Commission.

Exporter / Manufacturer	Level of securities
Guilin International Wire & Cable Group Co., Ltd	6.4%
Guilin Xianglong Wire and Cable Co., Ltd.	6.4%
Guilin Feilong Wire and Cable Co., Ltd.	6.4%
Aoning Electric Cables Co., Ltd.	6.4%
Guangxi Machinery Import & Export Co., Ltd	6.4%
Guilin Fortune Import & Export Trading Co., Ltd	6.4%
Guilin Yuanhai Import and Export Trading Co., Ltd	6.4%
Interest-Link Co., Ltd	6.4%
Uncooperative exporters	10.3%

The provisional measures do not apply to the goods exported by Dongguan.

⁸ Refer to Guidelines on the Application of Forms of Dumping Duty available at: <http://www.adcommission.gov.au/reference-material/documents/Guidelineformsfordumpingduty-November2013.pdf>

11 APPENDICES AND ATTACHMENTS

Attachment A	Commissioner's Instrument
Confidential Attachment 1	Market Analysis
Confidential Attachment 2	Export Price Calculation - Guilin
Confidential Attachment 3	Export Price Calculation - Dongguan
Confidential Attachment 4	Normal Value Calculation - Guilin
Confidential Attachment 5	Normal Value Calculation - Dongguan
Confidential Attachment 6	Dumping Margin Calculations
Confidential Attachment 7	Price Depression, Price Suppression, Profit & Profitability
Confidential Attachment 8	Price Analysis