



## INVESTIGATION INTO ALLEGED DUMPING OF CERTAIN POLYVINYL CHLORIDE (PVC) FLAT ELECTRIC CABLE EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

### NOTE FOR FILE – BRIEFING PRIOR TO EXPORTER VERIFICATION VISIT

#### Background

The Anti-Dumping Commission (the Commission) met with Olex Australia Pty Ltd (Olex) on 4 March 2015 to receive a briefing in advance of its scheduled verification visit to Guilin International Wire & Cable Group Co. Ltd and related companies (collectively referred to as the Guilin Group). The Commission subsequently met with Olex's recently appointed consultant, Michael Dawson, on 12 March 2015. The Commission received further written information to support Olex's claims.

The information provided by Olex is considered confidential, some of which was previously made available to the Commission and subsequently verified during the Australian Industry visit (the report of which is on the public record). The intention of this file note is to allow interested parties to gain a reasonable understanding of the content of the briefing.

#### Points Raised in Briefing

Olex stepped the Commission through its production process and outlined potential differences with Guilin Group's production process. Olex referred to its testing of competitor's products (including the goods manufactured by the Guilin Group) and outlined likely differences in material usage by reference to its own bill of materials. As a result of its analysis, Olex claim that the Guilin Group is likely to incur additional costs.

Olex raised areas of concern in relation to the allocation of costs to the goods under consideration based on information provided in Guilin Group's exporter questionnaire response, including that:

- the allocation of raw material costs on a weighted average basis, may skew the cost allocation to specific product groups;
- that there are no separate profit and cost centres used, therefore profits and costs are applied on a company wide basis and that cost items may vary between Guilin Group's production sites;
- the treatment of scrap raw materials may impact on cost allocation.

The Commission raised a claim made during the importer verification visit to Electra Cables (Aust) Pty Ltd (the report of which is not yet available on the public record). The claim was that the Guilin Group product is "softer" and easier to strip, resulting in less effort and therefore less wear and tear on the hands of electricians. For this reason, it was claimed that some electricians have a preference and are willing to pay a higher price for Guilin Group's product.

Olex observed that the PVC used in the Guilin Group's product does feel different and is a brighter shade of white than its own product. Olex claimed that the difference is a result of a different mix of the material PVC components (such as a higher oil or plasticiser content to achieve the different feel, and the inclusion of a master batch of titanium oxide or equivalent to achieve the brighter white) which ought to result in a slightly higher cost for Guilin Group to produce. Olex demonstrated that its PVC sheath is easier to tear than the Guilin Group product and rejected the claim that electricians prefer the Guilin Group product. Olex maintained that its product is a like good and completely substitutable with imported goods.

**Rhys Piper**  
Case Manager