



Australian Government

**Australian Customs and
Border Protection Service**

CUSTOMS ACT 1901 - PART XVB

INTERNATIONAL TRADE REMEDIES BRANCH

STATEMENT OF ESSENTIAL FACTS NUMBER 178

**ALLEGED DUMPING OF CERTAIN ELECTRIC CABLES
EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA**

23 December 2011

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2 ABBREVIATIONS & SHORTENED FORMS

Advance	Advance Cables Pty Ltd
Aoning	Guangxi Aoning Electric Cables Co., Ltd
APEC	Australian Pacific Electric Cables Pty Ltd
CEO	Chief Executive Officer
China	People's Republic of China
Customs and Border Protection	Australian Customs and Border Protection Service
Electra	Electra Cables Australia Pty Ltd
Elite	Elite Cables (Aust) Pty Ltd
Feilong	Guilin Feilong Wire & Cable Co., Ltd
FOB	free on board
Guilin International	Guilin International Wire & Cable Group Co., Ltd
Guilin Xin Ao	Guilin Xin Ao Wire & Cable Co., Ltd
Olex	Olex Cables Pty Ltd
PVC	polyvinyl chloride
Prysmian	Prysmian Power & Telecom Cables & Systems Pty Ltd
SG&A expenses	selling, general and administration expenses
the Minister	Minister for Home Affairs
Tycab	Tycab Australia Pty Ltd
Xianglong	Guilin Xianglong Wire & Cable Co., Ltd
XLPE	cross-linked polyethylene

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3 SUMMARY AND RECOMMENDATIONS

This investigation is in response to an application by Advance Cables Pty Ltd (Advance), Olex Cables Pty Ltd (Olex) and Prysmian Power Cables & Systems Pty Ltd (Prysmian) in relation to the allegation that dumping of certain electric cables¹ (electric cables) exported to Australia from the People's Republic of China (China) caused material injury to the Australian industry producing like goods.

This statement of essential facts sets out the facts on which the Chief Executive Officer (CEO) of the Australian Customs and Border Protection Service (Customs and Border Protection) proposes to base his recommendation in relation to the application.

3.1 Preliminary findings

Customs and Border Protection has found that there has been no dumping of electric cables by Chinese exporters. Provided that no new information is put to Customs and Border Protection that would establish that dumping has caused, or threatens to cause, material injury to the Australian industry, Customs and Border Protection proposes to terminate the investigation in relation to electric cables exported to Australia from China.

3.2 Application of law to facts

3.2.1 Authority to make decision

Division 2 of Part XVB sets out, among other matters, the procedures to be followed and the matters to be considered by the CEO in conducting investigations in relation to the goods covered by an application.

3.2.2 Application

On 11 August 2011, Advance, Olex and Prysmian lodged an application requesting that the Minister for Home Affairs (the Minister) publish a dumping duty notice in respect of electric cables exported to Australia from China. The CEO was satisfied that the application was made in the prescribed manner by a person entitled to make the application.

3.2.3 Initiation of investigation

After examining the application, the CEO was satisfied that:

- there was, or was likely to be established, an Australian industry in respect of like goods; and
- there appeared to be reasonable grounds for the publication of a dumping duty notice in respect of goods the subject of the application.

¹ Refer to the full description of the goods in section 5 of this report.

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The CEO decided not to reject the application and notice of the initiation of this investigation was published on 9 September 2011.

3.2.4 Statement of essential facts

The CEO must, within 110 days after the initiation of an investigation, or such longer period as the Minister allows, place on the public record a statement of the facts on which the CEO proposes to base his recommendation in relation to the application.

In formulating the statement of essential facts, the CEO must have regard to the application concerned, any submissions concerning publication of the notice that are received by Customs and Border Protection within 40 days after the date of initiation of the investigation and any other matters considered relevant.

This statement of essential facts is due on or before 28 December 2011.

3.3 Preliminary findings and conclusions

Customs and Border Protection has made the following preliminary findings and conclusions based on available information at this stage of the investigation.

3.3.1 The goods and like goods (chapter 5 of this report)

Locally produced electric cables are like goods to the goods the subject of the application.

3.3.2 Australian industry (Chapter 6 of this report)

There is an Australian industry producing like goods, comprising five Australian producers of electric cables. The applicants accounted for more than 90% of the Australian production of like goods during the investigation period.

3.3.3 Market (Chapter 7 of this report)

The size of Australian market for electric cables was approximately 210,000 metres in 2010-11. Electric cables are typically sold into the market by distributors who source electric cables from the Australian producers and from exporters.

3.3.4 Dumping (Chapter 8 of this report)

Customs and Border Protection has determined the following dumping margins for electric cables exported to Australia from China.

China – the Guilin Group	-4.8%
China – other exporters	-1.9%

3.3.5 Injury (Chapter 9 of this report)

The Australian industry suffered injury in the form of:

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- reduced revenue
- loss of sales volume;
- reduced market share;
- price depression;
- price suppression in 2010-11;
- price undercutting;
- reduced profits and profitability in 2010-11;
- underutilisation of production capacity; and
- staff retrenchments.

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4 BACKGROUND

4.1 Introduction

On 11 August 2011, Advance, Olex and Prysmian lodged an application requesting that the Minister publish a dumping duty notice in respect of electric cables exported to Australia from China. The applicants subsequently provided further information in support of their application. As a result, Customs and Border Protection restarted the 20 day period for considering the application on 1 September 2011.

Following an examination of the application, the CEO decided not to reject the application and an investigation into the alleged dumping of electric cables exported to Australia from China was initiated on 9 September 2011. Public notification of initiation of the investigation was made in *The Australian* newspaper on 9 September 2011. Australian Customs Dumping Notice No. 2011/40 provides further details of this investigation and is available at www.customs.gov.au.

There have been no previous investigations into electric cables by Australian anti-dumping authorities.

The investigation period was July 2010 to June 2011. Customs and Border Protection has examined the Australian market from July 2007 for the purpose of analysing the condition of the Australian industry.

4.2 Responding to this statement of essential facts

This statement of essential facts sets out the essential facts on which Customs and Border Protection proposes to rely. It represents an important stage in the investigation as it informs interested parties of the facts established and allows them to make submissions in response to the statement of essential facts. It is important to note that the statement of essential facts may not represent the final views of Customs and Border Protection.

Responses to this statement of essential facts should be received by Customs and Border Protection no later than **17 January 2012**. Customs and Border Protection is not obliged to have regard to any submission made in response to the statement of essential facts received after 17 January 2012.

Submissions should preferably be emailed to tmops1@customs.gov.au. Alternatively they may be sent to fax number +61 2 6275 6990, or posted to:

Director Operations 1
International Trade Remedies Branch
Australian Customs and Border Protection Service
5 Constitution Avenue
CANBERRA ACT 2601
AUSTRALIA

Confidential submissions must be clearly marked accordingly and a non-confidential version of any submission is required for inclusion on the public record. A guide for

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making submissions is available at the Customs web site (follow the links to: Anti-Dumping > Reference Material > Guidance for Submissions).

The public record contains non-confidential submissions by interested parties, the non-confidential versions of Customs and Border Protection visit reports and other publicly available documents. It is available by request in Canberra (phone 02 6275 6547) or online at <http://adpr.customs.gov.au/Customs/>. This statement of essential facts should be read in conjunction with documents on the public record.

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5 THE GOODS AND LIKE GOODS

5.1 Preliminary finding

Customs and Border Protection considers that locally produced electric cables are like goods to the goods the subject of the application.

5.2 The goods

The goods the subject of the application are described as follows.

The goods under consideration are single and multi-core cables insulated with polymeric materials intended for use in electric installations at working voltages up to and including 1 kV with the following characteristics:

- *suitable for connection to mains power supply; and*
- *comply with Australian Standards AS/NZS 5000.1 or AS/NZS 5000.2.*

The goods under consideration fall into the following categories:

- *flat cables, insulated and sheathed, with two cores and earth and with conductor area up to three square millimetres;*
- *building wire, insulated, unsheathed, single core and with conductor area from two to three square millimetres; and*
- *single core double insulated cable, insulated and sheathed and with conductor area from 12 to 60 square millimetres.*

Tariff classification

The application states that the goods are classified to the tariff subheading 8544.49.20 (statistical codes 40 and 41) of Schedule 3 to the *Customs Tariff Act 1995*. Customs and Border Protection's Trade Services Branch confirmed that the goods are correctly classified to these tariff subheadings. The general rate of duty is currently 5%. Imports from China are subject to the DCS duty rate of 4%.

5.3 Like goods

Customs and Border Protection found that:

- the physical characteristics of imported and locally produced electric cables are similar;
- the imported and locally produced electric cables are commercially alike as they are sold through the same distribution channels to common end users;
- the imported and locally produced electric cables are functionally alike as they have the same end-uses; and
- the imported and locally produced electric cables are manufactured in a similar manner.

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The Guilin Group provided a model concordance chart identifying all models exported to Australia that fell within the definition of the goods. This chart identified models that were exported that fell within the definition of the goods and appropriate matches in technical and performance terms.

Customs and Border Protection is satisfied that locally produced electric cables that fall within the description of the goods are like goods to electric cables imported from China.

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6 AUSTRALIAN INDUSTRY

6.1 Preliminary finding

Based on the information available, Customs and Border Protection considers that:

- there are five Australian producers of electric cables;
- electric cables manufactured by the five Australian producers are like goods;
- the like goods were wholly or partly manufactured in Australia;
- a substantial process of manufacture was carried out in Australia by the Australian producers; and
- there is an Australian industry producing like goods.

6.2 Introduction

Advance, Prysmian and Olex account for the majority of the Australian production of electric cables. Advance is an Australian owned company that manufactures a range of electric cables. It is located at Dandenong South in Victoria. The Prysmian Group is one of the world's largest manufacturers of electric cables. The group manufactures electric cables and systems for energy and telecommunications. Prysmian manufactures the goods under consideration at its plant at Liverpool in NSW; its sister company at Dee Why in NSW is part of the telecommunications business. Olex is an Australian manufacturer of electric cables with manufacturing facilities at Tottenham and Lilydale in Victoria. It is part of the Nexans group which is based in France.

There are two smaller manufacturers of electric cables in Australia, Australian Pacific Electric Cables Pty Ltd (APEC), located at Crestmead in Queensland, and Tycab Australia Pty Ltd (Tycab), located at Dandenong in Victoria. Both APEC and Tycab provided letters of support for the application.

The applicants accounted for over 90% of Australia's production of electric cables in 2010.

6.3 Electric cables production process

Following is brief description of the manufacturing process:

- rod drawing - 8 mm copper rod is reduced to conductor strands through wire drawing dies;
- multi wire drawing - draws up to seven wires at the same time from feed wire down to required sizes;
- bunching - takes spools of multi wire and twists the wires together to form flexible bunched conductors;
- stranding - takes spools of single wire / bunched conductor and twists the wires together to form a circular stranded conductor;
- extrusion - takes the bare conductor and extrudes polyvinyl chloride (PVC) or cross-linked polyethylene (XLPE) over the top to create a finished electric cable or cores for further processing;

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- if required, the insulated conductors are sheathed with another layer of PVC;
and
- the cables are wound onto drums.

Customs and Border Protection is satisfied that a substantial process of manufacture was carried out in Australia by the Australian producers.

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7 AUSTRALIAN MARKET

7.1 Preliminary finding

Customs and Border Protection estimates that the size of the Australian market for electric cables was approximately 210,000 metres in 2010-11. Electric cables are typically sold into the market by distributors who source electric cables from the Australian producers and from exporters.

7.2 Introduction

Electric cables are used for the transmission of electrical power to safely transport electricity from the generation point to the end use. For example, lights, power tools, ovens, electrical motors and air conditioners. The exact application for each will be different but these products are used primarily in residential and commercial buildings as well as light industrial construction projects.

Electric cables can be broadly classified into the following market segments.

Industrial cables are used in the oil, gas and mining sectors and are designed to survive in harsh environments such as water, oil, continuous flexing on cranes and lifts.

Medium and high voltage cables are usually grouped together. Medium voltage starts at 11Kv and goes to 33kv. High voltage cables are used for major power stations.

The trade and installers segment is the largest and most competitive market for electric cables. These electric cables are classed as low to medium voltage and usually go from 450/750Kv and can only be installed by a licensed electrician. Each state across Australia stipulates a licensed electrician must complete approved training before they can install electric cable in buildings and other facilities.

Demand in the trade and installer market is predominately driven by residential and commercial construction as well as the light industrial works industry. The residential market includes renovations, residential homes, town houses and units. The commercial construction sector is comprised of large apartment complexes, hospitals, factories, shopping centres, commercial refurbishments and multi story buildings.

Flat twin and earth cables are typically used in wiring premises, with 1 mm² cable used for lighting circuits and 2.5 mm² cable used for power circuits. The trend to installing more lights has resulted in 1.5 mm² cable being used for lighting circuits. Building wire is typically used in switchboards. Single core double insulated cable is either PVC insulated and sheathed or XLPE insulated and PVC sheathed. The PVC insulated cable is most commonly used between mains and metre boxes. XLPE insulated cable is used in industrial environments, such as mains to machine or underground mains in subdivisions.

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7.3 Market supply

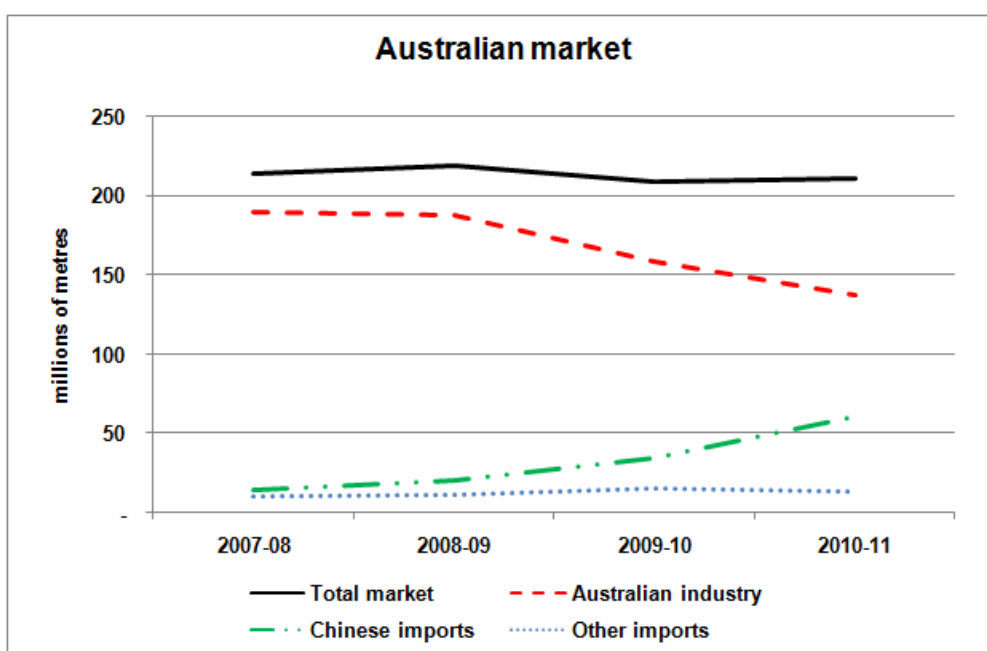
The Australian market is supplied by the Australian manufacturers and imports. Based on data from Customs and Border Protection's import database, China was the main source of imports. Other significant sources included New Zealand, the Philippines and Singapore.

7.4 Market size

Customs and Border Protection estimated of the size of the Australian market, expressed in metres, using data verified during visits to the applicants and importers, data provided by interested parties and data from Customs and Border Protection's import database.

Data from Customs and Border Protection's import database included all types of electric cables, not only the goods under consideration. During the visit to the largest importer we calculated the proportion of the selected shipments that were the goods under consideration. We have used this proportion to estimate the volume of imports of the goods under consideration over the injury analysis period. The second largest importer from China stated that it mainly imported data cables and estimated its imports of the goods under consideration to be less than 10% of its total electric cable imports. Another major importer estimated its imports of the goods under consideration to be less than 25%. For these importers we have used 10% and 25% respectively of the import volumes from Customs and Border Protection's import data base. For all other importers we have used 40%. This is the proportion of the applicants' electric cable sales that were the goods under consideration.

Customs and Border Protection estimates that the size of the Australian market for electric cables was approximately 210,000 metres in 2010-11. Movements in the size of the Australian market are illustrated in the following chart.



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7.5 Distribution arrangements

The majority of the Australian industry's sales are made through distributors, but sales are also made to contractors. The distributors source electric cables from the Australian producers and from exporters.

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8 DUMPING INVESTIGATION

8.1 Preliminary findings

Dumping margins for the investigation period were calculated by comparing weighted average export prices with the corresponding weighted average normal values. Dumping margins are summarised in the following table.

China – the Guilin Group	-4.8%
China – other exporters	-1.9%

8.2 Introduction

At the commencement of the investigation, Customs and Border Protection identified a large number of potential exporters of electric cables from China. It wrote to all identified exporters and invited them to cooperate in the investigation. A number of exporters contacted Customs and Border Protection and were asked to complete an exporter questionnaire and associated spreadsheets.

Guilin International Wire & Cable Group Co., Ltd (Guilin International), Guilin Feilong Wire & Cable Co., Ltd (Feilong), Guilin Xianglong Wire & Cable Co., Ltd (Xianglong) and Guangxi Aoning Electric Cables Co., Ltd (Aoning) completed the exporter questionnaire and associated spreadsheets, providing details regarding the company, exports, domestic sales and cost to make and sell expenses. These companies are related and are referred to as the Guilin Group in this report.

Guangdong Nanyan Cable Group Holding Co., Ltd also completed the exporter questionnaire and associated spreadsheets. This response was not received until 29 November 2011 and did not contain sufficient information to calculate export prices or normal values.

8.3 China – the Guilin Group

8.3.1 Introduction

The Guilin Group exported electric cables directly and indirectly through trading companies. Although these trading companies invoiced, and were paid by, the Australian customer, Customs and Border Protection considers that the Guilin Group was the exporter.

Customs and Border Protection amalgamated the data provided by the individual members of the Guilin Group, including sales through trading companies, to produce a combined normal value, export price and dumping margin. This issue was considered by a World Trade Organisation dispute settlement panel in 2005 dealing with *Korea – Anti-Dumping Duties on Imports of Certain Paper from Indonesia*. The panel considered that the investigating authority "has to determine that these companies are in a relationship close enough to support that treatment." In view of the ownership links and operational practices, Customs and Border Protection

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considers it appropriate to treat the individual members of the Guilin Group as a single exporter.

The Guilin Group's largest Australian customer, Electra Cables (Aust) Pty Ltd (Electra), is a related company. Guilin International is 60% owned by Guilin Xin Ao Wire & Cable Co., Ltd (Guilin Xin Ao) and 40% owned by Elite Cables (Aust) Pty Ltd (Elite). Guilin Xin Ao also owns an Australian company, Meltglow (Aust) Pty Ltd which owns 60% of Electra. Elite owns 40% of Electra. Guilin International and Electra own Feilong, Xianglong and Aoning.

8.3.2 Export prices

The producers, the individual members of the Guilin Group, are considered to be the exporters of the goods, including where the goods are sold through trading companies. The Guilin Group exported to two Australian customers. These customers are considered to be the importers. A related company, Electra, was the largest importer.

Given the close relationship between the exporter and the importer, Customs and Border Protection closely examined whether transactions between them were at arms length. In respect of the Guilin Group's sales of electric cable to Electra during the investigation period, Customs and Border Protection found no evidence that:

- there is any consideration payable for or in respect of the goods other than their price;
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, will directly or indirectly, be reimbursed, compensated or otherwise receive a benefit for, or in respect of, whole or any part of the price.

Customs and Border Protection also examined the overall profitability to the entire group for the largest volume selling model. Beginning with Electra's calculated weighted average selling price for the investigation period, Customs and Border Protection:

- deducted a margin for the importer's profit, selling, general and administration (SG&A) expenses, importation costs, duty and ocean freight to arrive at a free on board (FOB) price;
- converted the FOB price to RMB; and
- deducted the Guilin Group's cost to make and sell for the investigation period.

Customs and Border Protection found that the transactions were profitable to the group.

Finally, Customs and Border Protection compared the Guilin Group's export prices to Electra with prices to an unrelated importer. The prices to both importers did not suggest that transactions between the Guilin Group and Electra were not at arms

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length. Therefore, Customs and Border Protection is satisfied that sales between the Guilin Group and Electra were arms lengths transactions.

Export prices for direct exports by the Guilin Group were calculated using the price paid or payable by the importer less any part of the price that represents a charge in respect of transport of the goods or in respect of any other matter arising after exportation. Export prices for exports through trading companies were calculated using the price paid by the trading companies to the Guilin Group, less any part of the price that represents a charge in respect of transport of the goods or in respect of any other matter arising after exportation.

8.3.3 Normal values

The Guilin Group sold like goods on the domestic market during the investigation period in what were found to be arms length transactions. Domestic sales cannot be used to establish normal values if the volume of domestic sales is less than 5% of the volume of comparable goods exported to Australia. The volume of domestic sales of only three models exceeded 5% of the volume of comparable models exported to Australia.

For models where there was a sufficient volume of sales in the domestic market that were arms length and sold at prices that were in the ordinary course of trade, the Guilin Group's domestic sales were used to establish normal values. For all other models normal values were established using the cost of manufacture plus amounts for SG&A expenses and profit. The margin for profit used was the margin achieved by the Guilin Group on its total domestic sales.

The following adjustments were made to the normal values to ensure they were fairly comparable to export prices:

- downward adjustment for domestic credit terms;
- downward adjustment for domestic freight;
- downward adjustment for domestic inventory carrying costs;
- downward adjustment for domestic selling expenses;
- upward adjustment for export inland freight and FOB charges;
- upward adjustment for export inventory carrying costs;
- upward adjustment for export selling expenses; and
- upward adjustment for export credit terms.

For goods exported through trading companies, Customs and Border Protection has not made an adjustment for the traders' margin as the price used was the price from the Guilin Group to the trader, not the price from the trader to the Australian customer.

8.3.4 Dumping margin

A dumping margin for the investigation period was calculated by comparing the weighted average of export prices with the corresponding weighted average normal values. The product dumping margin for exports by the Guilin Group is minus 4.8%.

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8.4 China – other exporters

8.4.1 Export prices

Sufficient information is not available to establish export prices of electric cables exported to Australia from China by other exporters. Export prices were determined after having regard to all relevant information, being by reference to the weighted average export price determined for the Guilin Group over the investigation period.

8.4.2 Normal values

Sufficient information is not available to enable the normal value of electric cables for other exporters to be established. For these exporters, normal values were established after having regard to all relevant information, being by reference to the weighted average of normal values determined for the Guilin Group over the investigation period. In establishing normal values, Customs and Border Protection has not included any downward adjustments.

8.4.3 Dumping margin

For other exporters, the dumping margin for the investigation period was calculated by comparing the weighted average of export prices with the corresponding weighted average normal values. The dumping margin for electric cables exported by other exporters from China to Australia is minus 1.9%.

8.5 Benchmarking

Given the discrepancy between the applicants' estimated dumping margins (20% to 83%) submitted in its application and the preliminary dumping margin calculated by Customs and Border Protection, a benchmarking exercise was undertaken to identify and explain differences between verified and estimated information.

Firstly, Customs and Border Protection compared the material cost, labour, overhead and SG&A expenses for the largest selling export model for the Guilin Group against corresponding costs for Advance, Prysmian and Olex. The analysis shows that the Guilin Group's material cost were not significantly different to the applicants' costs. However, the Guilin Group's costs for labour, overhead and SG&A expenses were significantly less than the applicants' costs.

The applicants also claimed that based on their understanding of selling prices by Electra in the Australian market, those sales would be unprofitable when compared with the estimated cost of the goods and that this is suggestive of a non-arms length relationship between the related parties. Visit reports to end-users placed on the public record show that Customs and Border Protection was provided with relevant sales documents relating to Electra's domestic sales of electric cables. The net selling prices established from this information reconciled to the applicants' estimates of Electra's selling prices in its application.

However, Customs and Border Protection makes the following observations about the applicants' estimates. Firstly, that the applicants' estimates of Electra's selling prices were not indicative of weighted average selling prices over the investigation

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period. Secondly, a comparison of weighted average selling prices across the entire model range showed that Electra's sales were profitable overall.

As Electra and the numerous manufacturers are related, Customs and Border Protection examined the overall profitability to the entire group for the largest volume selling model. Beginning with Electra's calculated weighted average selling price for the investigation period, Customs and Border Protection:

- deducted a margin for the importer's profit, SG&A expenses, importation costs, duty and ocean freight to arrive at a FOB price;
- converted the FOB price to RMB; and
- deducted the Guilin Group's cost to make and sell for the investigation period.

Customs and Border Protection found that the transactions were profitable to the group.

Customs and Border Protection also compared the applicants' estimated normal value and export price for the largest selling model with data verified during visits to the Guilin Group and Electra. The applicants' estimated normal value for 2010 was not significantly different to the normal value established for the Guilin Group for the investigation period (2010-11). The following differences in export prices were observed.

- As noted above, the applicants' estimated selling prices were not indicative of weighted average selling prices.
- SG&A expenses (including importation costs) were significantly overestimated. The ratio of Electra's SG&A expenses to its revenue were comparable to ratios for importers verified by Customs and Border Protection in other investigations.
- Estimated ocean freight costs were higher than verified costs.
- The applicants deducted an amount for GST when calculating deductive export prices.

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9 ECONOMIC CONDITION OF THE INDUSTRY

9.1 Preliminary finding

The Australian industry suffered injury in the form of:

- reduced revenue
- loss of sales volume;
- reduced market share;
- price depression;
- price suppression in 2010-11;
- price undercutting;
- reduced profits and profitability in 2010-11;
- underutilisation of production capacity; and
- staff retrenchments.

9.2 Introduction

The applicants claimed that the allegedly dumped exports of electric cable from China have caused injury in the form of:

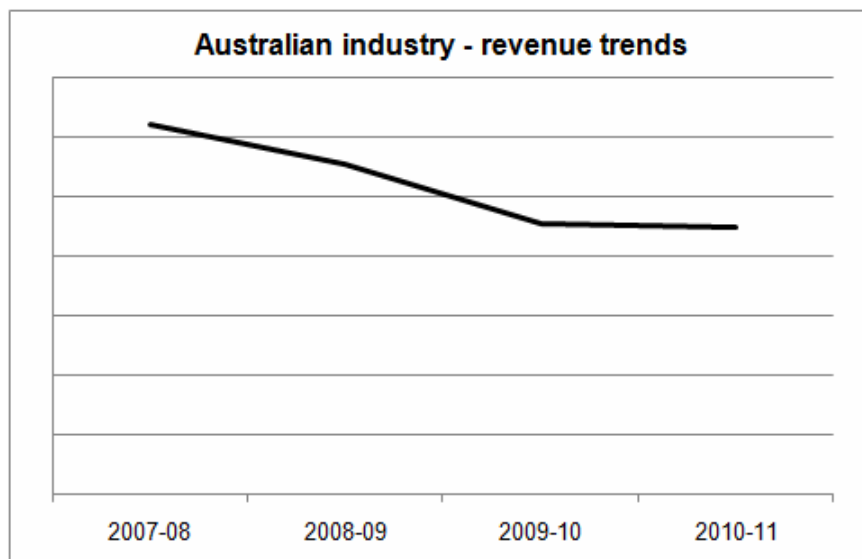
- loss of sales;
- reduced market share;
- price undercutting;
- price depression;
- price suppression;
- reduced profits;
- reduced profitability;
- underutilisation of production capacity;
- reduced return on investment;
- staff retrenchments; and
- an inability to raise capital.

The economic performance of the applicants was examined from July 2007.

9.3 Revenue effects

Movements in the applicants' revenue are illustrated in the following chart.

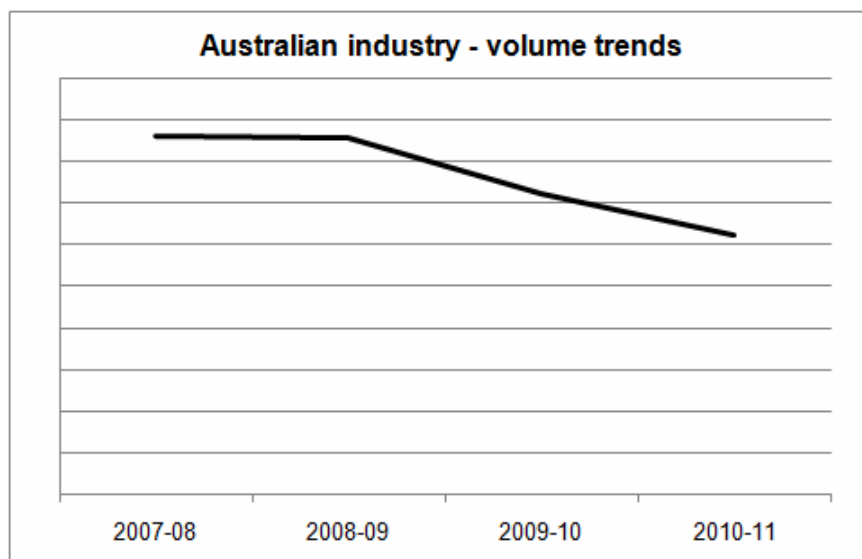
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Revenue fell each year. Revenue fell by over 10% in 2008-09, by almost 20% in 2009-10 and by about 1% in 2010-11.

9.4 Volume effects

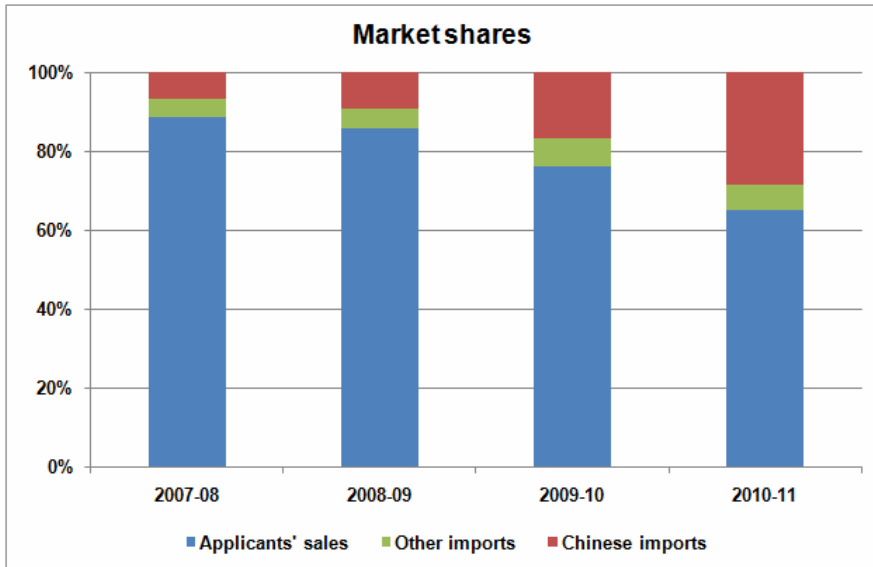
Movements in the applicants' sales volumes are illustrated in the following chart.



Sales volume fell each year. Sales volume fell by about 1% in 2008-09 and by about 15% in 2009-10 and 2010-11.

The chart in section 7.4 indicates that the size of the Australian market was relatively stable over the period examined. The fall in the Australian industry's sales volume was offset by an increase in the volume of imports from China. Movements in the market shares are illustrated in the following chart.

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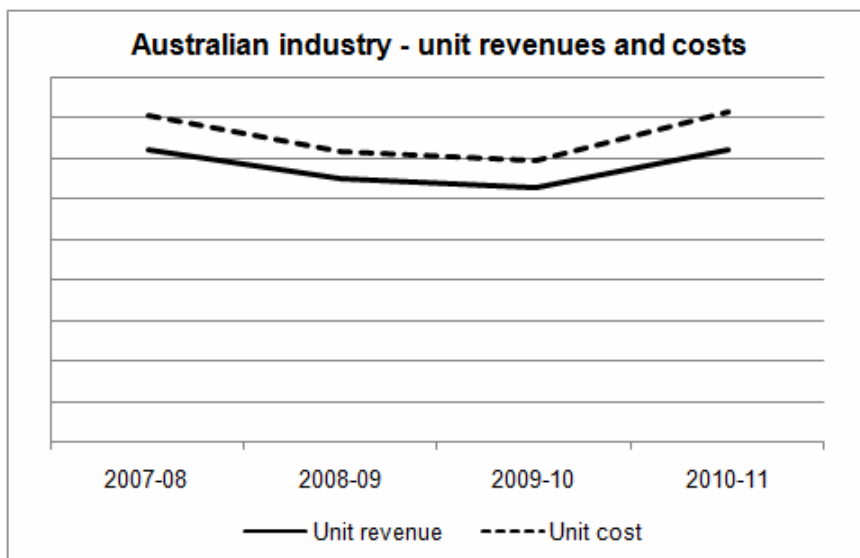


The applicants' market share fell each year. Its market share fell by three percentage points in 2008-09 and by about ten percentage points in 2009-10 and 2010-11. There was a corresponding increase in the market share of imports from China. The market share of imports from other countries was relatively stable.

9.5 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 if the margin between revenues and costs falls.

Movements in total and unit revenues and costs are illustrated in the following charts.



Average unit revenue fell in 2008-09 and 2009-10, but rose in 2010-11. The Australian industry suffered price depression in 2008-09 and 2009-10, but not in 2010-11.

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Average unit costs exceeded average unit revenue throughout the period examined. The margin between unit revenues and unit costs narrowed in 2008-09 and 2009-10, but widened in 2010-11. The Australian industry suffered price suppression in 2010-11.

9.6 Price undercutting

Customs and Border Protection compared monthly weighted average prices for four models of electric cables for sales by Advance, Prysmian, Olex and Electra to four major electrical buying groups. It also compared total weighted average prices for the investigation period and monthly weighted average prices for all sales. The four models were flat twin and earth cables with conductor area of 1.5 and 2.5 square millimetres, building wire and XLPE cable with conductor area of 25 square millimetres. The four buying groups were Gemcell, Lawrence & Hanson, MM Electrical and Rexel.

Customs and Border Protection makes the following observations.

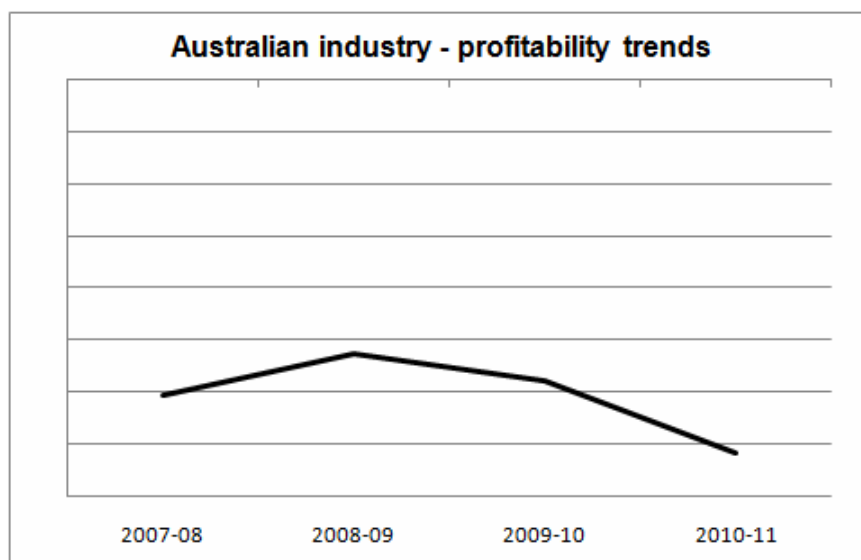
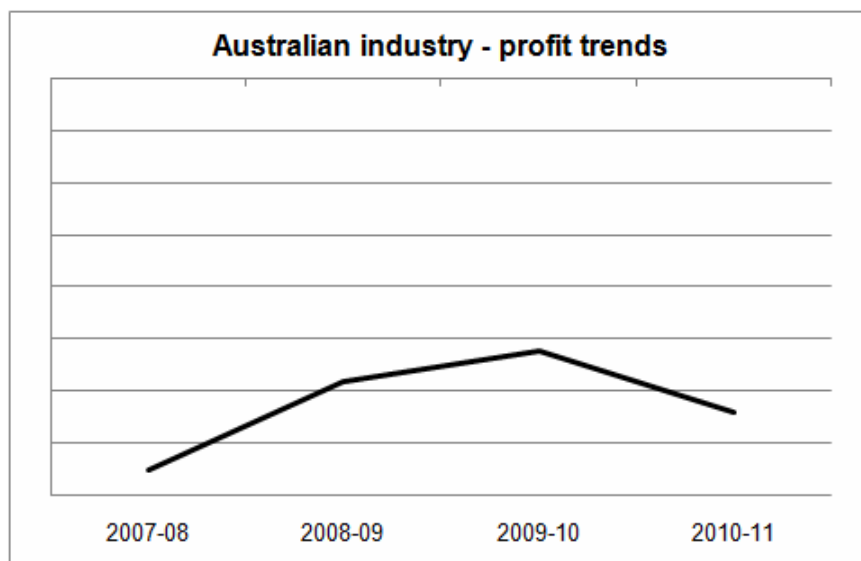
- There was no clearly defined trend in prices. There were more observations where one of the applicants, not Electra, recorded the lowest prices.
- For flat twin and earth cables, Electra's weighted average price for the investigation period was lowest for sales to one buying group. For the other nine observations one of the applicants recorded the lowest prices.
- For building wire and XLPE cable, Electra's weighted average price for the investigation period was lowest for all sales and for sales to two buying groups. For the other six observations one of the applicants recorded the lowest prices.

Customs and Border Protection considers that the price undercutting analysis is inconclusive. However, the Australian industry suffered some injury in the form of price undercutting during the investigation period.

PUBLIC RECORD

9.7 Profit and profitability effects

Movements in profits and profitability are illustrated in the following charts.



Total profits rose in 2008-09 and 2009-10, but fell in 2010-11. Profitability rose in 2008-09, but fell in 2009-10 and 2010-11. The Australian industry's profits and profitability fell in 2010-11.

9.8 Other economic factors

Each applicant completed an appendix A7, which looks at other injury factors. The applicants did not provide consolidated data for any other injury factors. The respective appendices indicate that trends vary between each company. However, the Australian industry has underutilised production capacity and has retrenched staff directly in response to falling sales of the goods under consideration.

PUBLIC RECORD

9.9 Conclusion – economic condition of the industry

Based on an analysis of the information contained in the application and verified during visit to the applicants, the Australian industry suffered injury in the form of:

- reduced revenue
- loss of sales volume;
- reduced market share;
- price depression;
- price suppression in 2010-11;
- price undercutting;
- reduced profits and profitability in 2010-11;
- underutilisation of production capacity; and
- staff retrenchments.

The Australian industry did not suffer injury in the form of price depression in 2010-11.

PUBLIC RECORD

10 HAS DUMPING CAUSED MATERIAL INJURY
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Customs and Border Protection has established that electric cables exported from China were not dumped. Therefore, any injury cannot be attributable to dumping.

PUBLIC RECORD

11 NON INJURIOUS PRICE

Non-injurious prices have not been calculated because provided that no new information is put to Customs and Border Protection that would establish that dumping has caused, or threatens to cause, material injury to the Australian industry, Customs and Border Protection proposes to terminate the investigation in relation to electric cables exported to Australia from China.