

2 May 2017

The Director, Operations 5  
Anti-Dumping Commission  
Industry House, Level 7  
10 Binara Street  
Canberra City, ACT 2600  
Australia

**DUMPING INVESTIGATION 377 – COOLING TOWER WATER TREATMENT CONTROLLERS EXPORTED  
FROM THE UNITED STATES OF AMERICA**

**Submission by the Australian Industry in response to the preliminary affirmation determination  
(PAD) published on 18 April 2017.**

Aquarius Technologies supports the Anti-Dumping Commission's PAD and imposition of securities.

**Background**

- Aquarius Technologies is the Australian industry producing like goods to the goods the subject of the application and that the like goods are produced in Australia.
- Broadly speaking there are two main types of cooling tower controllers, including basic and more sophisticated models<sup>1</sup>.
- Aquarius Technologies domestic sales fell significantly in the period 2009/10 to 2012/13, increasing marginally from 2012/13 to 2015/16.
- The market share of cooling tower water treatment controllers from the USA increased significantly from 2009/10 to 2012/13, and although the share declined from 2012/13 to 2015/16 it is significant.
- Dumping margins for goods exported from the USA are significant, ranging from 110% to 131%.
- The Australian industry suffered **material** injury in the form of:
  - loss of sales volume
  - lost market share
  - price depression
  - price suppression
  - profits forgone
  - reduced assets
  - reduced revenue
  - reduced capacity
  - reduced capacity utilisation, and
  - reduced employment.<sup>2</sup>

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<sup>1</sup> PAD, Section 6, page 5

<sup>2</sup> PAD, Section 8.1, page 8

## Determining an unsuppressed selling price (USP)

It is Aquarius Technologies' position that since July 2010 selling prices for cooling tower water treatment controllers have been significantly affected by the large volumes of dumped exports from the US. To support this claim Aquarius Technologies provided the Commission with evidence of prices falling throughout the injury period of this investigation<sup>3</sup>.

Aquarius Technologies notes that for the PAD the Commission calculated a preliminary USP based on the *2009/10 selling prices of two of Aquarius Technologies' highest volume cooling tower water treatment controller models*.

Given the significant period of time between 2009/10 and the present and that price increases were realised by a similar category of controllers, Aquarius Technologies proposes that the Australian industry's USP be based on the historical selling price of cooling tower water treatment controllers unaffected by dumping **plus** an adjustment to take into account price increases realised by XXXXXXXXXXXXXXXXXXXXXXXXXXXX during the injury period.

Furthermore, Aquarius Technologies submits that as Australia's legislation provides for a singular non-injurious price (NIP) and given the Commission's finding that there are multiple models of cooling tower water treatment controllers on the Australian market and that there are pricing differences between those models<sup>4</sup> for measures to be effective it is necessary for the Commission to establish an USP at a level that removes the injury from **all** models, including models released since 2009/10.

Aquarius Technologies submits that in 2015/16 the Australian industry sold 34 different models<sup>5</sup> with various combinations of accessories with selling prices ranging from \$XXXX to \$XXXX<sup>6</sup>. In 2015/16 XX% of domestic sales of cooling tower water treatment controllers were the new generation of the sophisticated model (Ultima). This has increased to XX% for the current financial year.

Aquarius Technologies contends that for the NIP to prevent injury or the recurrence of injury to **all** models subject to the application, the NIP must be set for the Australian industry's new generation of cooling tower water treatment controller inclusive of all accessories. Aquarius Technologies submits that if the Minister were to apply the lesser duty rule based on weighted average selling prices for all models sold by the Australian industry during the investigation period, rather than the on the selling price for the Australian industry's premium model, the measures would not prevent injury to the premium model.

Aquarius Technologies submits that if the operative measures were based on a NIP calculated on average selling prices in 2015/16 sales, exported premium models would benefit to the detriment of Aquarius Technologies' premium model. Aquarius Technologies' position is that a measure at this level would be harmful to the Australian industry, particularly given that Aquarius Technologies is expecting that the Ultima will comprise XX% of sales in 2016/17, increasing to more than XX% of sales in 2021/22.

Aquarius Technologies recommends that an effective USP for cooling tower water treatment controllers be based on Aquarius Technologies' premium model – Ultima, inclusive of all accessories.

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<sup>3</sup> Australian Industry Visit Report – confidential attachment 5

<sup>4</sup> PAD, Section 12, page 18

<sup>5</sup> Australian Industry Visit Report – page 17

<sup>6</sup> Appendix A4

Further, as the Ultima was released in 2014/15 during a market suffering from price effects of dumped exports from the US since July 2010, Aquarius Technologies recommends that the selling price of the Ultima be indexed to take into account price effects since that time, with reference to price increases realised by a similar category of product during the injury period.

Confidential attachment A details the Australian industry's methodology for calculating a USP.

### **Price undercutting**

Aquarius Technologies notes the Commission's preliminary analysis, at section 9.3 of the PAD, that during the investigation period, the main model sold by Waterdos significantly undercut the prices of comparable model sold by the Australian industry and that there was no evidence of undercutting for other models. Aquarius Technologies submits that the price reductions on some models made by Aquarius Technologies to regain market share were in the injury period but prior to the investigation period.

### **Factors other than price**

As an Australian manufacturer, Aquarius Technologies prides itself on the innovations brought into the water treatment controller industry.

Throughout the injury period the increasing quality and services provided by Aquarius Technologies has reduced the warranty expenses of the company to negligible numbers whilst the warranty periods have been increased.

### **Conclusion**

Aquarius Technologies is an Australian small business that has the potential to grow and looks forward to operating and competing in Australia on a level playing field.

Yours sincerely

Aquarius Technologies team