



INVESTIGATION 271

ALLEGED DUMPING OF POLYVINYL CHLORIDE FLAT ELECTRIC CABLE EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

VISIT REPORT - IMPORTER

ELECTRA CABLES (AUST) PTY LTD

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN
WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT
THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION**

May 2015

PUBLIC RECORD

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ABBREVIATIONS

\$, AUD	Australian dollars
ACBPS	Australian Customs and Border Protection Service
The Act	<i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
Australian Standard	Australian / New Zealand Standard AS/NZS 5000.2
China	People's Republic of China
the Commission	Anti-Dumping Commission
the Commissioner	Commissioner of the Anti-Dumping Commission
Electra	Electra Cables (Aust) Pty Ltd
FOB	Free on board
the Guilin Group	Collectively, <ul style="list-style-type: none"> • Guilin International Wire & Cable Group Co., Ltd; • Guilin Xianglong Wire & Cable Co., Ltd; • Guilin Feilong Wire & Cable Co., Ltd; and • Ao Ning Electric Cables Co., Ltd.
Guilin International	Guilin International Wire & Cable Group Co., Ltd
Olex	Olex Australia Pty Ltd
PAD	Preliminary Affirmative Determination
Prysmian	Prysmian Power Cables & Systems Australia Pty Ltd
SEF	Statement of Essential Facts
the goods	the goods the subject of the application (also referred to as the goods under consideration or GUC)
the Parliamentary Secretary	the Parliamentary Secretary to the Minister for Industry & Science

1 BACKGROUND AND PURPOSE

1.1 Background

On 3 September 2014, Olex Australia Pty Ltd (Olex) (the applicant) lodged an application requesting that the then Minister for Industry publish a dumping duty notice in respect of certain polyvinyl chloride (PVC) flat electric cables (the goods) 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 provided further information in support of its application, restarting the 20 day period for consideration of the application. The Commissioner of the Anti-Dumping Commission (the Commissioner) ultimately 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.

Following initiation of the investigation, a search of the Australian Customs and Border Protection Service (ACBPS) import database indicated that Electra Cables (Aust) Pty Ltd (Electra) may be an importer of the goods subject of the application. The Anti-Dumping Commission (the Commission) contacted Electra on 6 November 2014 to preliminarily identify whether Electra's imports included the goods under consideration and to seek Electra's assistance in identifying which consignments were relevant to the investigation. After receiving Electra's response, on 18 November 2014 the Commission wrote to formally request Electra's cooperation with the investigation and provided a copy of the Importer Questionnaire and associated workbook for Electra to complete.

With the Commission's agreement, Electra provided an interim response to the Importer Questionnaire on 16 December 2014, comprising invoices for 15 consignments in the ACBPS import database (selected by the Commission) and a detailed listing of sales to Electra's Australian customers. Electra subsequently provided a final response on 15 January 2015, which contained:

- Part A – details regarding the company, overseas supplier information and identification of its Australian customers;
- Part B – details of the cost to import and sell plus profit of the 15 selected importations, and details of forward orders; and
- Part C – an update of the detailed listing of sales to its Australian customers during the investigation period.

1.1.1 Preliminary Affirmative Determination

On 15 January 2015, the Commissioner made a Preliminary Affirmative Determination (PAD) 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 Commissioner was satisfied that there appear to be sufficient grounds for the publication of a dumping duty notice in respect of PVC flat electric cable exported to Australia from China.

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As a result, the ACBPS was requested to take securities under s.42 of the *Customs Act 1901* (the Act) in respect of interim dumping duties that may become payable.¹ The reasons for the PAD are contained in *Preliminary Affirmative Determination Report 271*, which is available on the public record.²

1.2 Purpose of visit

The purpose of the visit was to:

- confirm that Electra is the importer of certain PVC flat electric cables from China attributed to it within the ACBPS import database;
- verify information on imports of PVC flat electric cable from China to assist in the determination of export prices;
- establish whether the purchases of PVC flat electric cables from China were arms length transactions;
- establish post-exportation costs;
- identify sales and customers and verify sales volume, selling prices and selling costs;
- obtain general information about the Australian market for PVC flat electric cables from China; and
- provide the company with an opportunity to discuss any issues it believed relevant to the investigation.

1.3 Meeting details

Company	Electra Cables (Aust) Pty Ltd
Address	1 / 13 Cooper Street Smithfield NSW 2164
Date of visit	5 February 2015

The following were present at various stages of the meetings:

Electra	Adam Chen, Director, National and International Sales Luke Zhou, Deputy Managing Director Peter Gray, National Sales Manager Alice Zhou, Accounts / Administration
Consultants	Daniel Moulis, Principal, Moulis Legal Charles Zhan, Solicitor, Moulis Legal Rex Miller, Director, Altus Financial Pty Ltd
Commission	Matthew Williams, Manager Investigations, Operations 4 Rhys Piper, Manager Investigations, Operations 1 Alice Tang, Graduate, Operations 2

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

² <http://www.adcommission.gov.au/cases/documents/008-Report-PAD271.pdf>.

1.4 Investigation process and timeframes

We advised the company of the investigation process and timeframes as follows.

- The investigation period is 1 July 2013 to 30 June 2014.
- The injury analysis period is from 1 July 2010 for the purpose of analysing the condition of the Australian industry.
- The Statement of Essential Facts (SEF) for the investigation is due to be placed on the public record by 24 February 2015, or such later date as the Parliamentary Secretary to the Minister for Industry and Science (Parliamentary Secretary) allows under s.269ZHI of the Act. The SEF will set out the material findings of fact on which the Commission intends to base its recommendations to the Parliamentary Secretary, 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 Parliamentary Secretary. This final report is due no later than 10 April 2015, unless an extension to the SEF is approved by the Parliamentary Secretary. The Parliamentary Secretary has 30 days from receipt of the final report to make a decision on the Commissioner's recommendations.³

1.5 Visit report

We explained to the company that we would prepare a report of our visit (this report) and provide it to the company to review its factual accuracy, and to identify those parts of the report it considers to be confidential.

We explained that, in consultation with the company, we would prepare a non-confidential version of the report, and place this on the investigation's public record.

³ Subsequent to the visit the Parliamentary Secretary granted an extension of 90 days to the deadline for the completion of the SEF. The SEF is now due no later than 25 May 2015. Further details are contained in ADN 2015/24, available on the [public record](#).

2 THE GOODS

2.1 Description

The goods the subject of the application (the goods) are:

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 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;
- 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 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.

3 COMPANY DETAILS

3.1 Commercial Operations

Electra provided the Commission with an overview of its history and operations, supported by a presentation (a copy of which is at **Confidential Attachment 1**).

Electra was established by two brothers in Parramatta in the 1970s, originally as a manufacturer of electric cables. The company was placed into administration in 1992, at which point it was purchased by Chinese and Australian interests. Under the new ownership structure Electra began importing and distributing cables manufactured by other companies, and ceased manufacturing electric cables some years later.

Electra has grown its revenue substantially since that time, achieving revenue in excess of \$[**CONFIDENTIAL TEXT DELETED – number**] million in 2013 through the sale of a wide range of cable products across industrial, marine, automotive and other applications. The company stocks over 1000 different models of cable products, and supplies over 1000 customers around Australia. Electra also highlighted that it has supplied electric cable to several significant projects over the years, including Parliament House in Canberra and the Sydney Olympic complex.

Electra's head office is based in Smithfield, NSW. The same location is a distribution centre for Electra's cables; Electra has similar distribution facilities in Brisbane, Melbourne and Perth. All orders are supplied from one of these four sites. Electra employs approximately [**CONFIDENTIAL TEXT DELETED – number**] people, of which [**CONFIDENTIAL TEXT DELETED – proportion**] are at the Smithfield location.

Electra is currently owned by [**CONFIDENTIAL TEXT DELETED – shareholders identities**].

3.2 Accounting structure and details of accounting systems

Electra's accounting system is based on a software package, [**CONFIDENTIAL TEXT DELETED – proprietary accounting system**], and it operates on a calendar year basis (January to December). Electra provided us with a copy of its audited financial statements for the year ending 31 December 2013 (**Confidential Attachment 2** refers).

Electra is audited annually as required by the *Corporations Act 2001*.

Electra advised that it had re-produced its management accounts to align with the investigation period (1 July 2013 to 30 June 2014), a copy of which is included at **Confidential Attachment 3**.

3.3 Relationship with suppliers and customers

3.3.1 Suppliers

All of Electra's cables are supplied exclusively by a group of related electric cable manufacturing companies in China.

Electra's primary supplier, Guilin International Wire & Cable Group Co., Ltd (Guilin International), is a sister company; they and Electra are shareholders in three other cable manufacturing companies, being:

- Guilin Xianglong Wire & Cable Co., Ltd;
- Guilin Feilong Wire & Cable Co., Ltd; and
- Ao Ning Electric Cables Co., Ltd.

Together, these four suppliers are referred to in this report as the Guilin Group.⁴

Electra's response to the Importer Questionnaire indicates that there are also a number of trading companies which supply the goods on behalf of the four companies in the Guilin Group. These arrangements will be examined in greater detail at an anticipated exporter visit.

3.3.2 Customers

Electra advised that it has commercial relationships with electrical wholesalers across Australia, and that it has also sold cable products to the Australian industry in the past. Electra advised that it has no other relationships, equity or otherwise, with its customers.

3.4 Like goods

Electra indicated that all of the imported goods that it purchases are supplied by the Guilin Group. Electra advised that the primary model designation for the goods is "SRF3025V". Electra explained that further identifiers can be added to the model designation to indicate specific variations in the product. For example, we observed a variation in the invoices designated as "SRF3025V LS". Electra advised that this designation indicates the product does not incorporate PVC and is therefore excluded from the description of the goods. We were satisfied with this explanation.

Electra advised that the **[CONFIDENTIAL TEXT DELETED – model]** designation indicates that the goods were **[CONFIDENTIAL TEXT DELETED – detailed commercial arrangement concerning certain model of the goods]**. Electra advised that the **[CONFIDENTIAL TEXT DELETED – commercial arrangement concerning certain model of the goods]** was not sold in Australia during the period of investigation.

The goods enter Australia already spooled onto drums, shrink-wrapped and labelled in standard lengths of mostly 100 metres (m) and 500 m (along with small volumes of other lengths, such as 150 m) and packed onto pallets. Although Electra does some re-cutting and re-spooling of cable for other lengths, this is in very small volumes (**[CONFIDENTIAL TEXT DELETED – degree]** per cent of sales).

⁴ These four companies have also provided responses to the Exporter Questionnaire for this investigation.

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Electra accepted that the imported goods and the like goods manufactured by the Australian industry are physically, functionally and commercially interchangeable given the requirements of the Australian Standard. Subject to its comments regarding the quality of its products (see discussion under 4.1), Electra agreed that the Australian industry produces goods which are alike to its imported products.

Electra suggested that some of the cable claimed to have been produced by the Australian industry may have actually been imported, and encouraged the Commission to take this into account in its analysis.

4 IMPORTS

4.1 Volume of trade

The ACBPS import database does not distinguish between the different types of cable products that fall under the relevant tariff classification and statistical code. As was noted in *Consideration Report 271*, only a subset of those products meets the definition of the goods under consideration.

Due to the limitations of the database it is not possible to state with confidence the volume of the electric cables that were imported during the period of the investigation. However, we note that sales of the goods accounted for **[CONFIDENTIAL TEXT DELETED – number]** per cent of the net value of all of Electra's sales in that period.

A copy of the import database download forms **Confidential Attachment 4**.

4.2 Order process and forward orders

4.2.1 Price negotiations

Electra advised that it negotiates directly with the Guilin Group regarding the price of the goods. As noted below, Electra **[CONFIDENTIAL TEXT DELETED – commercial negotiation process]**. Electra stated that although it is a related party to the Guilin Group, its negotiations are conducted at arms length. Electra noted that the Guilin Group takes into account **[CONFIDENTIAL TEXT DELETED – commercial negotiation process]** when negotiating from its side.

However, Electra noted that prices tend to be negotiated over the phone, with the effect that it was unable to provide any physical evidence of its negotiation practices. Electra advised that the Guilin Group does prepare a formal advice at the conclusion of negotiations which advises the agreed price for the goods (and which are included at **Confidential Attachment 5**). Although the formal price notifications are in Chinese, we are satisfied that the documents do represent an advice from the Guilin Group to Electra regarding price.

Electra advised that there are no formal contract arrangements in place between itself and the Guilin Group.

4.2.2 Models

As noted in 3.4 above, there are **[CONFIDENTIAL TEXT DELETED – number]** model designations relevant to the goods, being **[CONFIDENTIAL TEXT DELETED – models]**. Electra advised that the **[CONFIDENTIAL TEXT DELETED – model comparison and commercial arrangements details]**.

In the invoices relevant to the 15 import consignments selected for verification, we observed that the majority of imports of the goods were the SRF3025V model. We also observed that the **[CONFIDENTIAL TEXT DELETED – trading terms]** invoice price for **[CONFIDENTIAL TEXT DELETED – pricing information]**.

When raised at verification, Electra indicated that it **[CONFIDENTIAL TEXT DELETED – commercial arrangement concerning certain model of the goods]**.

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4.2.3 Order process and delivery

Electra advised that its ordering process is generally as follows:

- The Guilin Group issues a price list, which is in force until a new price is agreed. There are **[CONFIDENTIAL TEXT DELETED – information concerning discount and rebate policies]**. The price is a result of negotiations between Electra and the Guilin Group, having regard to **[CONFIDENTIAL TEXT DELETED – commercial arrangement and negotiation process]**.
- Each of Electra's four warehouses is responsible for sales management and demand forecasting, based on its interactions with the market through its local sales representatives. Each warehouse will review conditions in their market and any known or anticipated order volumes, and will prepare an order for the goods (and other cable products) **[CONFIDENTIAL TEXT DELETED – internal management information]**.
- **[CONFIDENTIAL TEXT DELETED – detailed commercial arrangement and ordering process]**.
- The Guilin Group produces and dispatches the goods, which generally arrive **[CONFIDENTIAL TEXT DELETED – number]** weeks after placement of the order. This is based on a typical manufacturing lead time of **[CONFIDENTIAL TEXT DELETED – number]** weeks and a freight time of **[CONFIDENTIAL TEXT DELETED – number]** days.
- All sales are negotiated and invoiced by the Guilin Group to Electra at **[CONFIDENTIAL TEXT DELETED – trading terms]** for each product type. **[CONFIDENTIAL TEXT DELETED – details of trading term and freight arrangements]**.
- Invoices are issued by the Guilin Group (or trading company) in **[CONFIDENTIAL TEXT DELETED –currency]**, at the time that the order is shipped from China.
- **[CONFIDENTIAL TEXT DELETED – commercial arrangements]**.
- The goods are shipped to the port nearest to the warehouse that originated the order (being Sydney, Brisbane, Melbourne or Fremantle). Electra organises for the goods to be landed, cleared and delivered to its warehouse premises.

4.2.4 Forward orders

Electra has provided a listing of its forward orders, which cover deliveries due in the period from 18 December 2014 to 23 February 2015 (**Confidential Attachment 6** refers).

Electra has indicated that it expects a slight decline in sales in the short to medium term (agreeing that there has been a recent easing in building approvals, as per the Australian Bureau of Statistic data referred to in the PAD report), but indicated that it does not anticipate there will be a significant drop in demand.

4.3 Verification of imports

Prior to completing the Importer Questionnaire, Electra provided the Commission with a listing of all imports which it considered would include the goods (**Confidential Attachment 7** refers), noting that most consignments would contain a mix of cable products. The Commission used this listing to select 15 import transactions for verification.

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Electra subsequently completed Part B of the Importer Questionnaire for these selected transactions, and which is included at **Confidential Appendix A**. At the visit, Electra showed us two folders containing the source documents that it used to do so, which now form **Confidential Attachments 8.1 – 8.15**. These documents include:

- commercial invoices from the Guilin Group (or trading companies);
- packing lists;
- bills of lading;
- customs broker and logistics invoices;
- copies of customs entry declarations; and
- proof of payment (in the form of bank transaction details, remittance advices and an explanation showing how the payments – **[CONFIDENTIAL TEXT DELETED – payment arrangements]** – included the specific order associated with the commercial invoices).

Not all documents were provided for all transactions. From the Part B response, we were able to reconcile the shipment number, bill of lading number and packing list for the selected shipments with the source documentation provided in relation to most of the selected shipments but noticed that there were also a small number of minor errors. We did not consider these to be significant. As a result, any gaps or errors have been addressed in the preparation of **Confidential Appendix C**.

[CONFIDENTIAL TEXT DELETED – details of Electra’s sales system and reporting methods].

Electra’s supporting calculations for this methodology are included at **Confidential Attachments 9.1 – 9.4**.

4.3.1 Supplier invoice details

We matched the invoice price, volume and supplier details for each of the selected shipments on the Part B response to the supplier invoices. All prices for the goods and for other products in the same consignment were invoiced at **[CONFIDENTIAL TEXT DELETED – trading terms]** in **[CONFIDENTIAL TEXT DELETED – currency]**, with **[CONFIDENTIAL TEXT DELETED – invoicing details]**.

In the Part B response we observed that Electra **[CONFIDENTIAL TEXT DELETED – cost accounting method]**.

For all but one of the selected shipments, we were able to match bank statements, telegraphic transfer documents, remittance advices, contract numbers and foreign exchange transaction summaries to verify that the payment of each supplier invoice had occurred. We observed that one payment was made in advance; including this payment, the average payment terms were **[CONFIDENTIAL TEXT DELETED – number]** days (**Confidential Attachment 10** refers).

We are satisfied that the amount on the invoice was the price paid by Electra.

4.4 Post exportation costs

Noting that most consignments contain a mix of cable products, Electra calculated the free on board (FOB) invoice price for each shipment and the FOB invoice price for the goods contained within each shipment and expressed the goods as a percentage of the total value. Electra then used this percentage to apportion the post exportation costs to the goods, which we consider is reasonable.

4.4.1 Shipping costs

Under the heading “Shipment Costs” in the Part B response, Electra included amounts for the cost of ocean freight for each consignment in **[CONFIDENTIAL TEXT DELETED – currency]**. Electra then allocated these costs (using the methodology outlined above) to the goods under consideration. We observed that the invoices for each consignment include a component for shipping, and that these amounts have been included in the Part B response. **[CONFIDENTIAL TEXT DELETED – detailed commercial arrangement regarding shipping]**.

We noted that Electra had calculated an FOB price for the goods under consideration by subtracting the freight component from the invoice price. However, we observed that the **[CONFIDENTIAL TEXT DELETED – invoicing arrangements]** and we therefore adjusted Electra’s figures. We also noted that the freight cost in the Part B response was occasionally inconsistent with the supporting documents supplied, and we therefore adjusted these figures. This resulted in minor differences to the calculation of shipping costs.

Using the verified data in the Part B response, a weighted average ocean freight cost has been calculated as $\$[\text{CONFIDENTIAL TEXT DELETED – number}] / 100 \text{ m}$.

4.4.2 Insurance costs

Electra advised that its marine insurance policy was captured in the SG&A costs. We asked to see a copy of the insurance policy, which was provided after the meeting. The policy is issued by **[CONFIDENTIAL TEXT DELETED – insurance company]** at a total price of $\$[\text{CONFIDENTIAL TEXT DELETED – number}]$ ex GST, covering the period from 31 July 2013 to 31 July 2014. A copy of the policy is included at **Confidential Attachment 11**.

We are satisfied that Electra’s marine insurance policy is applicable to the goods under consideration, and that the cost of the policy has already been incorporated within the SG&A costs calculation (section 4.5 refers).

4.4.3 Importation costs

Under the heading of “Australian Importation Costs” in the Part B response, Electra entered amounts for:

- customs entry fees;
- customs duty;
- brokers fees;
- port service charges; and
- delivery charges.

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Electra had calculated customs duty at the correct rate of 4 per cent. Using the methodology outlined above, Electra then allocated a proportion of the remaining importation costs associated with each consignment to the goods under consideration. These costs were observed on the relevant customs declaration and / or commercial invoice from the customs broker. We compared the importation cost amounts provided in the relevant invoices to the Part B response and were satisfied that the costs were accurate.

Using the verified data in the Part B response, the weighted average of the combined importation costs has been calculated as \$[CONFIDENTIAL TEXT DELETED – number] / 100 m.

4.4.4 Summary of post exportation costs

Using the verified data in the Part B response, weighted average post exportation costs in AUD / 100 metres have been calculated in the below table. These calculations are located in **Confidential Appendix C**.

Item	Weighted Average Cost (\$ / 100 m)
Shipping fees	\$[CONFIDENTIAL TEXT DELETED – number]
Customs entry fee	\$[CONFIDENTIAL TEXT DELETED – number]
Customs duty (4 per cent of FOB price)	\$[CONFIDENTIAL TEXT DELETED – number]
Customs brokers fees	\$[CONFIDENTIAL TEXT DELETED – number]
Port service charges	\$[CONFIDENTIAL TEXT DELETED – number]
Delivery	\$[CONFIDENTIAL TEXT DELETED – number]
Total	\$[CONFIDENTIAL TEXT DELETED – number]

4.5 Selling, general and administrative (SG&A) costs

In its Part B response, Electra provided a percentage figure that it reported was representative of its SG&A expenses as a proportion of total gross revenue. Electra then applied this percentage to the estimated gross revenue for each of the selected shipments to arrive at a calculation of its total SG&A expenses applicable to that line. Electra subsequently provided a copy of its workbook which sets out its calculations in support of this approach (**Confidential Attachment 12** refers).

We observed that all insurance costs were incorporated into the calculation. We also observed that most SG&A cost values for the period 1 July 2013 to 30 June 2014 were either similar to or proportionate with the equivalent costs presented in Electra's Comprehensive Income Statement for the year ending 31 December 2013 (**Confidential Attachment 2** refers). We examined the component costs in the calculation and were satisfied that only relevant costs had been included, and that no relevant costs had been excluded (subject to the observations regarding freight and SG&A costs in section 5.5, below).

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4.5.1 Domestic freight costs

Electra has provided a workbook (**Confidential Attachment 13**) which sets out a methodology for estimating the cost of domestic freight that should be applied to each shipment. Electra notes that the goods are typically transported on pallets, each pallet usually carrying between **[CONFIDENTIAL TEXT DELETED – number]** and **[CONFIDENTIAL TEXT DELETED – number]** drums of the product. Noting that the majority of sales are of the 100 m and 500 m drums, Electra has used a mean figure of **[CONFIDENTIAL TEXT DELETED – number]** drums per pallet as the basis of its estimate. Electra has selected the average gross price of sales during the investigation period to its largest customer to estimate a per drum price, and generated a per pallet gross revenue amount of **[\$[CONFIDENTIAL TEXT DELETED – number]**.

Electra has then provided freight rates for each state in which it has a warehouse; these rates differ between “metro” and “country”. Electra has calculated the proportion of its sales volume in each of those states which were to either a metro or a country area, and calculated a weighted average freight cost expressed as a percentage of the gross per pallet revenue amount. This figure is **[CONFIDENTIAL TEXT DELETED – number]** per cent.

4.6 Export prices for selected shipments

Based on verification of the 15 selected shipments, we calculated that the weighted average FOB export price for the goods over the investigation period was **[\$[CONFIDENTIAL TEXT DELETED – number] / 100 m.**

5 AUSTRALIAN MARKET

5.1 General

Electra cited the IBISWorld *Electric Cable & Wire Manufacturing in Australia* Market Research Report from February 2014⁵ which indicated that the electric cable market is worth approximately \$1.9 billion. Electra estimated that its share of that market is a little over **[CONFIDENTIAL TEXT DELETED – number]** per cent, but that the goods under consideration represent only a very small proportion of the market overall.

Electra advised that it **[CONFIDENTIAL TEXT DELETED – commercial consideration and analysis in relation to the market of the goods under consideration]**.

Electra considers that the market for PVC flat electric cable is very competitive.

Electra believes that Olex and Prysmian Power Cables & Systems Australia Pty Ltd (Prysmian) tend to be the price setters in the market. During the visit, Electra referred to five known instances in which its list price for the goods was undercut by a list price offered by Olex, Prysmian and / or Advance Cables Pty Ltd. These are included in the presentation referred to in **Confidential Attachment 1**. Although important, Electra considers that price is only one factor which influences sales in the market, arguing that customers also value factors such as supply, product quality and customer service.

Electra claims that it offers a better quality of cable than the Australian industry. Electra provided us with a sample of its own cable and a sample of an Olex product and noted that the outer PVC sheathing of its product is “softer”. Electra claimed that electricians prefer its cable because the “softer” sheathing reduces the wear and tear on the hands of an electrician when they are stripping the cable during the installation process. Electra also noted that the presentation of its drums as compared to the presentation of drums offered by its competitors is preferred by some electricians who are therefore willing to pay more for the Electra product. Electra has also obtained a Green Star accreditation for its cable products (but this was not in place during the investigation period).

Electra claims that it offers a better customer service than the Australian industry. Electra claimed that it is able to take orders and provide a same or next day delivery service, depending on the time of day that the order is received and the next available picking and despatch opportunity. Electra claimed that competitors such as Olex will often offer the customer a cheaper price, but will be unable to deliver the goods because it will be out of stock. The upshot is that the customer comes back to Electra and pays the higher price for the convenience of a faster delivery. Electra also noted that **[CONFIDENTIAL TEXT DELETED – details Electra’s sales policy]**.

5.2 Distribution and Selling

Electra generates a monthly price list for each of its customer groups, which is based on **[CONFIDENTIAL TEXT DELETED – detailed sales and pricing policies]**. This information is collated and analysed centrally. For the goods under consideration, the list price is inclusive of delivery fees (if the minimum order value is exceeded) and exclusive of any rebates that may apply to that customer group and GST. There is no regional variation to the list price.

⁵ <http://www.ibisworld.com.au/industry/default.aspx?indid=270>.

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Electra noted that some customers use the list prices to play the various suppliers off against each other in order to obtain the best possible price. Electra claims that there was intense price pressure from Olex that Electra could not match because it needed to at least break even on its sales of the GUC. As an example, Electra referred to **[CONFIDENTIAL TEXT DELETED – detailed sales and pricing policies]**.

Electra has four warehouse / distribution centres, **[CONFIDENTIAL TEXT DELETED – coverage and distribution arrangement for each of the four warehouses]**. Each warehouse holds approximately **[CONFIDENTIAL TEXT DELETED – number]** days of stock at any given point in time. In the Sydney metropolitan region, Electra uses its own fleet of **[CONFIDENTIAL TEXT DELETED – number]** trucks to deliver the goods and its other cable products. Outside of the Sydney metropolitan area and in all other states and territories, Electra engages local freight companies or couriers to deliver the goods. Electra considers that its warehouse operations are low cost and high quality and give it a competitive advantage in the market.

5.3 Sales

5.3.1 Ordering and sales process

Electra publishes its monthly list price for each customer grouping and communicates these prices to them. Each store places its own orders, rather than the head office (where applicable).

Electra advised that it primarily receives orders from the electrical wholesalers by fax, with a small number of orders submitted by e-mail, sent directly to the nearest warehouse. Where orders are sent to Electra's head office in Sydney, they are re-distributed to the appropriate warehouse. The orders are entered into Electra's system, collated and the relevant picking and despatch occurs.

[CONFIDENTIAL TEXT DELETED – accounting and credit policies].

5.3.2 Rebates and discounts

Electra confirmed that rebates and discounts are a common feature of the market for PVC flat electric cable. As evidence, Electra provided a copy of the supplier agreements that were in place during the investigation period and which set out the rebate structure applying to sales to its customer groups (**Confidential Attachment 14**) **[CONFIDENTIAL TEXT DELETED – rebates and discounts policies]**

The supplier agreements indicate that the following types of rebates and / or discounts were offered during the investigation period:

[CONFIDENTIAL TEXT DELETED – detailed rebate arrangements]

Electra advised that its rebates are variously paid **[CONFIDENTIAL TEXT DELETED – discount and rebate policy and accounting methods]**. Electra noted that its accounting system **[CONFIDENTIAL TEXT DELETED - accounting methods]** and therefore the sales listing shows **[CONFIDENTIAL TEXT DELETED - accounting methods]**.

5.3.3 Sales verification

We asked Electra to provide the invoices and evidence of payment for 13 transactions that we identified in the sales listing. These documents form **Confidential Attachment 15**, and our analysis of them is at **Confidential Attachment 16**.

We matched the invoice details (value, quantity, product details and invoice date) for the selected transactions to Electra's sales listing. We observed from an invoice containing sales of multiple model types that each invoice line relevant to a sale of the goods was included in Electra's sales listing.

We observed that for ten of the twelve selected sales the remittance advices (issued by the customer) displayed the gross amount payable (inclusive of GST) that was listed in the invoice from Electra. In the other two cases the evidence presented was drawn from Electra's own system, and comprised either:

- a statement relevant to the specific customer's purchases and related payments for all products in a given timeframe; or
- a photocopy of a statement of outstanding transactions which were not yet paid, with a stamp added to indicate that the relevant outstanding invoices had been paid at a later time.

We observed that for some transactions **[CONFIDENTIAL TEXT DELETED – invoicing and rebate policy]**.

During the visit we asked Electra to demonstrate how the sales listing was extracted from its system. We selected a particular transaction to examine at random; Electra was able to find the transaction by searching for the "invoice date", the model type and the customer account code. The system clearly showed the goods that were ordered by that customer on that date, as well as the list price paid and the gross margin achieved. The system **[CONFIDENTIAL TEXT DELETED – detailed information regarding the sales accounting system]**.

We asked Electra to show us how the rebates and discounts are applied in its systems for a particular transaction, being a sale of the goods to **[CONFIDENTIAL TEXT DELETED – customer]** on 30 June 2014 for a volume of **[CONFIDENTIAL TEXT DELETED – number]** metres. Electra subsequently provided copies of its **[CONFIDENTIAL TEXT DELETED – information contained in Electra's sales and accounting system]** and an explanation of how the rebates were calculated in its systems (**Confidential Attachment 17** refers).

5.4 Profit

Electra's constructed financial statement (**Confidential Attachment 3**) indicates that, on sales of all products, Electra generated **[CONFIDENTIAL TEXT DELETED – financial result]** net revenue in the 12 months ending 30 June 2014.

With regard to the profitability of sales of the goods in the selected import transactions, Electra noted that the various models in any particular shipment would be sold to different customers and therefore different rebate levels could be expected. **[CONFIDENTIAL TEXT DELETED – operation of Electra's sales system]**.

To estimate the gross revenue generated on sales of all products imported in the selected transactions, **[CONFIDENTIAL TEXT DELETED – revenue calculation method based on Electra's sales arrangement]**. Electra calculated a weighted average gross price per

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100 m for each warehouse, and generated a gross sales figure based on the length shown on the invoices relevant to that importation. A cutting charge of **[CONFIDENTIAL TEXT DELETED – number]** per cent was then added to the total.

To estimate the gross revenue generated on sales of the goods imported in the selected transactions, Electra identified the **[CONFIDENTIAL TEXT DELETED – methodology]** price applicable to sales of the **[CONFIDENTIAL TEXT DELETED – methodology]** cable models **[CONFIDENTIAL TEXT DELETED – methodology]**. We note that these model types account for over **[CONFIDENTIAL TEXT DELETED – number]** per cent of Electra's sales (by volume) during the investigation period. Electra calculated a weighted average gross price per 100 m for each warehouse, and generated a gross sales figure based on the length shown on the invoices relevant to that importation. Again, a cutting charge of **[CONFIDENTIAL TEXT DELETED – number]** per cent was then added to the total.

Electra separately calculated a weighted average rebate rate for the state to which the selected shipment was delivered, and treated the relevant rebate value as a post importation cost for the purposes of the Part B response.

The original calculations can be seen in **Confidential Appendix A**. Electra's approach results in a profit of:

- **[CONFIDENTIAL TEXT DELETED – number]** per cent for sales of all imported products; and
- **[CONFIDENTIAL TEXT DELETED – number]** per cent for sales of the goods under consideration.

5.5 Commission's analysis

We note that all of the transactions in Electra's sales listing are at the gross invoice price level, exclusive of the various rebates and discount structures that vary from customer to customer according to the terms of their respective confidential supplier agreements. As a result, the gross prices present a distorted view of pricing behaviour in the market. We therefore consider that it is necessary to compare net prices in order to provide a fair and accurate reflection of Electra's relative position in the market.

We have two more specific concerns with Electra's reliance on gross prices and average rebates to calculate the revenue and therefore the profitability of the selected import transactions. The first is that the state-based rebate values calculated by Electra in the Importer Questionnaire cannot be applied to individual transactions to confidently generate an accurate net price. Electra's approach would result in **[CONFIDENTIAL TEXT DELETED – rebate and discount policies]**. Further, Olex's application claimed that its prices have been undercut by Electra; to analyse this claim properly, we consider it necessary to compare net rather than gross prices. The undercutting analysis is also a key element in the Commission's analysis of causation.

The second concern is that the profit that Electra has calculated for sales of the goods in relation to the selected import transactions is already small (**[CONFIDENTIAL TEXT DELETED – number]** per cent using Electra's methodology, with some transactions unprofitable). The weighted average rebates used in each state appear to be **[CONFIDENTIAL TEXT DELETED – observation regarding the financial effect of state based rebate calculation]**, which suggests that the rebate cost in Electra's calculation may be underestimated.

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The profitability of import sales has a significant bearing on the Commission's view as to whether the sales have been at arms length and consequently the appropriate approach to calculating the dumping margin applicable to Electra's suppliers. We therefore consider it is necessary to have a high degree of confidence that the figure generated is a true reflection of actual profit.

Given these concerns, we have made the following adjustments.

5.5.1 Electra sales using net rather than gross prices

We have analysed the supplier agreements at **Confidential Attachment 14** to determine the rebates and discounts applying to each customer group. Electra has assisted by explaining the meaning and effect of its various rebate arrangements. For example, we noted that the **[CONFIDENTIAL TEXT DELETED – type of rebate or discount offered]**. Electra has subsequently provided a report which shows the total value of each customer's purchases of all cable products from Electra (**Confidential Attachment 18** refers). Electra has also advised that the rebates and discounts applying to some customers **[CONFIDENTIAL TEXT DELETED – details of rebate and discount arrangement]**.

Using this information, we have identified the appropriate rebate / discount applying to sales to each customer group in each month of the period of investigation, and have adjusted the sales values to be expressed in net rather than gross prices.

The Commission's calculations and the revised Electra sales listing have been included at **Confidential Appendix B**.

5.5.2 Consequential adjustments – freight

Electra's freight calculation was based on the gross value of sales to a single customer group. To provide a more accurate estimate of actual freight costs, we calculated the overall net price for each of Electra's eight customer groups over the course of the investigation period, and generated an average net price which was weighted by the proportion of total sales represented by each customer group. This generated a net price of **[\$[CONFIDENTIAL TEXT DELETED – number] / 100 m** and therefore a net revenue per pallet amount of **[\$[CONFIDENTIAL TEXT DELETED – number]**.

Electra's additional information regarding the freight calculation (**Confidential Attachment 19**) indicated that the freight cost incorporated the wages of the truck drivers. When queried, Electra advised that the freight-specific wages had therefore been removed from the broader wages component under SG&A. We have returned all freight-specific wages costs to the broader wages component of the SG&A calculation. All other non-wage delivery costs have been retained in the freight calculation.

When the net price value is re-incorporated into Electra's methodology and with the appropriate adjustments for freight-specific wages, the freight cost is now calculated as **[CONFIDENTIAL TEXT DELETED – number]** per cent of net sales. This figure has been updated in **Confidential Appendix C** accordingly.

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5.5.3 Consequential adjustments – cutting charges

Our understanding is that the vast majority of sales of the goods are for pallets of standard model lengths (100 m, 500 m). Electra's sales listing indicates that approximately [CONFIDENTIAL TEXT DELETED – number] per cent (by volume) of all sales are for miscellaneous lengths (model designated as [CONFIDENTIAL TEXT DELETED – model code] in the sales listing). [CONFIDENTIAL TEXT DELETED – observation regarding pricing pattern and cutting charges].

As we have used a similar approach to estimating the price applicable to sales from each warehouse (that is, using the average net prices for the [CONFIDENTIAL TEXT DELETED – product types]), we consider it appropriate to exclude the cutting charges from the calculation of revenue for the goods for the purposes of **Confidential Appendix C**.

5.5.4 Consequential adjustments – SG&A

As noted above, the SG&A costs now include the wage-specific freight costs.

Noting the removal of the cutting *charge* from the revenue, Electra has provided additional information (**Confidential Attachment 20** refers) which sets out the cutting *cost* within the various components of the SG&A expenses. We have removed these costs from the SG&A calculation.

The only other adjustment that we have made to the calculation is to express the SG&A costs as a proportion of the net rather than gross value of Electra's total revenue, which results in an average SG&A cost of [CONFIDENTIAL TEXT DELETED – number] per cent of net sales. This figure has been updated in **Confidential Appendix C** accordingly.

5.6 Profitability

As a result of these adjustments, **Confidential Appendix C** indicates that, for the selected import transactions, Electra made a loss of 0.08 per cent when expressed as a proportion of net revenue for those transactions.

6 WHO IS THE IMPORTER AND EXPORTER

6.1 Who is the importer?

We reviewed the documents provided in respect of the selected shipments and other material provided by Electra during and after the verification visit. We note that Electra:

- negotiates directly with its suppliers;
- is named as the customer on supplier invoices;
- is named as the consignee on the bill of lading;
- has an insurable interest in the goods while they are on the water;
- arranges Customs clearance, logistics and storage of the goods after they are delivered to the Australian port; and
- retains ownership of the goods until they are delivered to its customers.

We consider Electra to be the beneficial owner of the goods at the time of importation, and therefore the importer.

6.2 Who is the exporter?

The Commission will generally identify the exporter as:

- a principal in the transaction, located in the country of export from where the goods were shipped, who gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or
- a principal in the transaction, located in the country of export, who owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

It is common for traders and other intermediaries to play a role in the exportation of the goods. These parties will typically provide services such as arranging transportation, conducting price negotiations, arrange contacts with the producer, etc.

In such cases, the trader typically acts as an intermediary who, although one of the principals, is essentially a facilitator in the sale and shipment of the goods on behalf of the manufacturer. Typically the manufacturer, as a principal who knowingly sent the goods for export to any destination, will be the exporter.

Therefore, depending on the facts, the Commission considers that only in rare circumstances would an intermediary be found to be the exporter. Typically this will occur where the manufacturer has no knowledge that the goods are destined for export to any country and the essential role of the intermediary is that of a distributor rather than a trader.

Subject to further inquiries, we are satisfied that the Guilin Group can be considered exporters of PVC flat electric cables imported by Electra. To our knowledge, these entities are principals in the country of export, which manufacture the goods and gave up the goods for shipment directly to Electra.

7 ARMS LENGTH

In order to determine export prices under s.269TAB(1)(a) and normal values under s.269TAC(1), the Act requires that the relevant sales are arms length transactions.

Section 269TAA outlines the circumstances in which the price paid or payable shall not be treated as arms length. These are where:

- there is any consideration payable for or in respect of the goods other than 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
- in the opinion of the Parliamentary Secretary, the buyer, or an associate of the buyer, will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

Further, where an importer subsequently sells the goods at a loss, the Parliamentary Secretary may treat those circumstances as indicating that the importer will be reimbursed, compensated or otherwise receive a benefit. If the goods are sold at a loss, the Parliamentary Secretary must have regard to the likelihood that the importer will recover both the price paid to the exporter and the costs necessarily incurred in the importation and sale of the goods within a reasonable time.

We raised this issue at verification, and were advised that Electra is profitable and does conduct itself at arms length from its related suppliers. Electra indicated that this issue may only be resolved once the Commission has completed its analysis of the exporter's cost and sales data.

7.1 Commission's analysis

We have not found any evidence to suggest that there has been any consideration payable for or in respect of the goods other than price.

As outlined in 3.3.1 above, we note that Electra is related to Guilin International and is a shareholder in the three other companies which, with Guilin International, comprise the Guilin Group. There is no evidence available to us at this time (such as purchases of the goods by Electra from unrelated suppliers) which would enable us to assess whether the prices paid by Electra are influenced by its relationship with the Guilin Group.

[CONFIDENTIAL TEXT DELETED – observation regarding negotiation process between Electra and the Guilin Group] (as noted at 4.2.1 above), these circumstances are not, of themselves, sufficient to conclude that the parties do not operate at arms length.

As noted in the analysis in Chapter 5 of this report, we have found that Electra's sales of the goods associated with the selected import transactions results in a loss of 0.08 per cent. Noting that the profitability of import sales has a significant bearing on the Commission's view as to whether the sales have been at arms length and the very small loss shown in **Confidential Appendix C**, we now examine Electra's import and selling costs and prices more closely.

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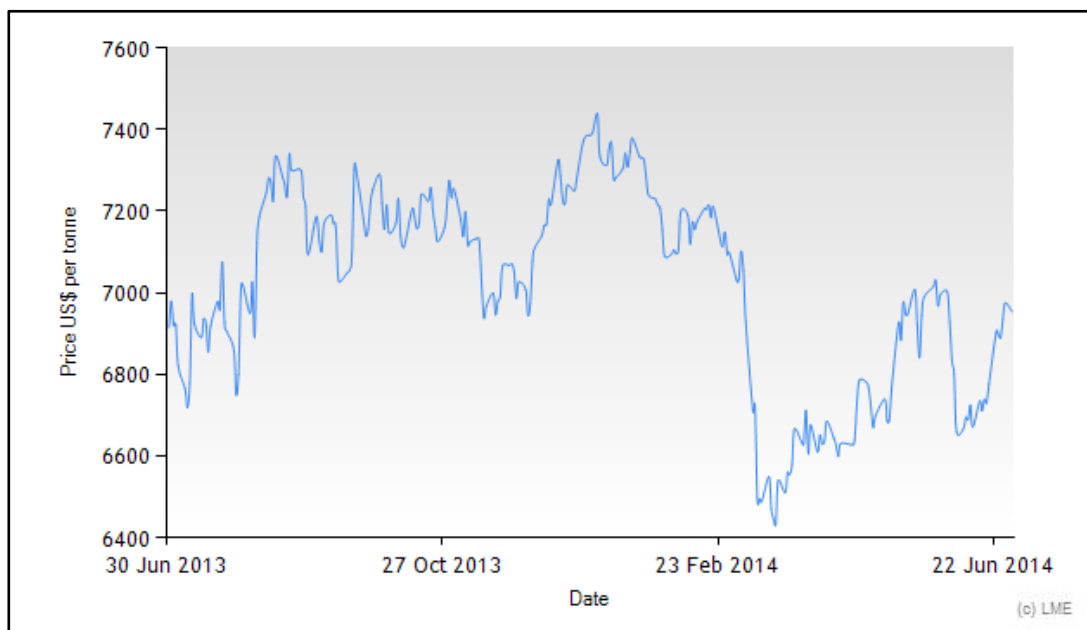
7.1.1 Import and selling costs

As shown in Graph 1, Electra's adjusted import costs (as per **Confidential Appendix C**) for the selected transactions were relatively stable throughout the investigation period.

Graph 1 – Electra cost to import and sell [CONFIDENTIAL GRAPH DELETED]

The FOB price of the imported goods consistently accounts for almost **[CONFIDENTIAL TEXT DELETED – a large proportion]** of the total cost to import and sell. We observed that the FOB price of the goods **[CONFIDENTIAL TEXT DELETED – observation regarding pricing pattern]**.

As copper is the primary cost component of the goods, the Commission examined movements in copper prices on the London Metal Exchange during the period of investigation in the course of preparing *Consideration Report 271, Preliminary Affirmative Determination Report 271* and the Olex industry visit report. We note that the price for copper was relatively stable during the period but did fluctuate from time to time (as can be seen from Graph 2 below).



**Graph 2 – London Metal Exchange – Copper Prices (USD / t)
(Cash Buyer, 1 July 2013 to 30 June 2014)**

We consider that the decline in copper prices from the high in December 2013 to the low in March 2014 was significant (around 13 per cent). Although not sustained at the lowest level, it is clear that copper prices moved within a band in the period from February 2014 that was around 4 per cent lower than in the preceding 8 months. If passed on to the buyer, we consider that this decline would have had an insignificant impact on the overall cost of the goods. **[CONFIDENTIAL TEXT DELETED – observation regarding Electra's import price trend]**.

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7.1.2 Comparison with values in Electra sales listing

We compared the cost to import and sell for the 15 selected transactions with the average daily net sales values and volumes in Electra's sales listing in **Confidential Appendix B**, as shown in Graph 3.

Graph 3 – Comparison of Electra sales volumes, average prices and cost to import and sell [CONFIDENTIAL GRAPH DELETED]

As can be seen from the graph, Electra's average net prices for the selected models have been consistently at or below the cost to import and sell the goods in the selected transactions.

Separately, we used the selected transactions to calculate a weighted average cost to import and sell for each quarter and compared this to the net sale price for each transaction in the corresponding quarter. **Confidential Attachment 21** indicates that around **[CONFIDENTIAL TEXT DELETED – number]** per cent of sales were profitable during the period of investigation.

We consider that this analysis supports the conclusion that Electra's sales of the goods under consideration were not profitable.

7.1.3 Market behaviour

The PAD report, the Australian Industry visit report for Olex and the analysis in this report all indicate that the market for PVC flat electric cable is very competitive and that the goods may therefore be sold at a loss. We are of the understanding that sales of some other cable products are heavily influenced by sales of the goods, but as these other products do not fall within the goods description the Commission has not obtained any evidence which would support this conclusion.

Electra's financial statement (at **Confidential Attachment 3**) indicates that Electra **[CONFIDENTIAL TEXT DELETED – observation]** during the financial year ending 30 June 2014. Noting the importance of the goods to the broader cable product portfolio, this **[CONFIDENTIAL TEXT DELETED – observation]** is also consistent with a conclusion that sales of the goods under consideration were not profitable.

7.1.4 Conclusion

We consider that the above analysis supports the finding in Chapter 5 that Electra's sales of the goods were unprofitable. Given the apparently small number of profitable sales of the goods made by Electra and its overall financial position, we do not consider it likely that Electra was able to consistently recover the price paid for the imported goods and the costs necessarily incurred in the importation and sale of the goods within a reasonable time during the period of investigation.

We are therefore not satisfied that Electra's purchases of the goods from the Guilin Group were arms length transactions, in accordance with the terms of s.269TAA of the Act.

8 GENERAL COMMENTS

8.1.1 Preliminary Affirmative Determination

Electra noted that the Commissioner has made a PAD in connection with this investigation. Electra strongly objected to the making of the PAD, and anticipates that the data from the exporters, once verified, will result in a finding that no dumping has occurred.

8.1.2 Alleged cartel conduct

Electra noted the recent action in the Federal Court that was launched by the Australian Competition & Consumer Commission (ACCC) against Olex and a number of other parties. The ACCC has alleged that Olex has engaged in cartel conduct.

Electra made a number of comments regarding the reliability of the information that the Commission would have received from Olex in connection with this investigation regarding pricing, competition and the injury that Olex is alleged to have suffered. Electra argued that the investigation ought to be terminated because of the seriousness of the allegations made by the ACCC. Electra advised that it will make a detailed submission on these points which can be placed on the public record.

We note that a directions hearing on 6 February 2015 has resulted in an adjournment to a further directions hearing on 25 September 2015, which suggests it is unlikely that the case will be completed prior to the completion of the final report for this investigation.⁶ We are unable to make any findings regarding the allegations made by the ACCC, and are concerned that doing so may be a contempt of court. However, we recommend that, in the course of completing the final report, the Commission consider what impact (if any) an adverse finding against Olex and the other respondents would have on its findings.

8.1.3 Other matters

Electra cited a number of investigations and audits that it has been subjected to by Australian Government agencies over several years, including the previous anti-dumping investigation. Electra expressed concerns that it is being targeted because of its success in the Australian market.

Electra stressed that it is not selling dumped imports, and argued that even if it was, any injury being suffered by the Australian industry would not have been caused by dumping. Electra's view is that the financial performance of the Australian cable manufacturing industry is robust, and that both profitability and sales have increased.

⁶ The orders arising from the directions hearing can be found here: <https://www.comcourts.gov.au/file/Federal/P/VID725/2014/3712577/event/27916020/document/520531>.

9 RECOMMENDATIONS

From our investigations, we are of the opinion that, for the goods imported by Electra from the Guilin Group:

- the goods have been exported to Australia otherwise than by the importer; and
- the goods have been purchased by the importer from the exporters.

For the reasons outlined in Chapter 7, we are not satisfied that the purchases of the goods by the importer were at arms length.

As a result, and in the absence of any evidence to the contrary being obtained in the course of the proposed exporter visit, we recommend that the export price for PVC flat electric cables imported by Electra from the Guilin Group be established under s.269TAB(1)(b) of the Act.

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10 APPENDICES AND ATTACHMENTS

Appendices

Confidential Appendix A	Electra Response to Importer Questionnaire
Confidential Appendix B	Revised Sales Listing (Incorporating rebate structure to calculate net prices)
Confidential Appendix C	Revised Costs – Selected Import Transactions (Incorporating net prices, adjusted SG&A and freight calculations, plus all other amendments)

Attachments

Confidential Attachment 1	Electra Presentation at Visit
Confidential Attachment 2	Electra Financial Statement (year ending 31 December 2013)
Confidential Attachment 3	Electra Constructed Financial Statement (year ending 30 June 2014)
Confidential Attachment 4	ACBPS Import Database Extract 1 July 2010 to 30 June 2014
Confidential Attachment 5	Notification of Negotiation Outcomes (Guilin International and Electra)
Confidential Attachment 6	Electra's Forward Orders
Confidential Attachment 7	Electra's Advice re: Import Transactions of the GUC
Confidential Attachment 8.1	Supporting Documents – Shipment 1
Confidential Attachment 8.2	Supporting Documents – Shipment 2
Confidential Attachment 8.3	Supporting Documents – Shipment 3
Confidential Attachment 8.4	Supporting Documents – Shipment 4
Confidential Attachment 8.5	Supporting Documents – Shipment 5
Confidential Attachment 8.6	Supporting Documents – Shipment 6
Confidential Attachment 8.7	Supporting Documents – Shipment 7
Confidential Attachment 8.8	Supporting Documents – Shipment 8

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Confidential Attachment 8.9	Supporting Documents – Shipment 9
Confidential Attachment 8.10	Supporting Documents – Shipment 10
Confidential Attachment 8.11	Supporting Documents – Shipment 11
Confidential Attachment 8.12	Supporting Documents – Shipment 12
Confidential Attachment 8.13	Supporting Documents – Shipment 13
Confidential Attachment 8.14	Supporting Documents – Shipment 14
Confidential Attachment 8.15	Supporting Documents – Shipment 15
Confidential Attachment 9.1	Electra Calculations - Gross Price and Rebate Payable - Sydney
Confidential Attachment 9.1	Electra Calculations - Gross Price and Rebate Payable - Melbourne
Confidential Attachment 9.1	Electra Calculations - Gross Price and Rebate Payable - Brisbane
Confidential Attachment 9.1	Electra Calculations - Gross Price and Rebate Payable - Perth
Confidential Attachment 10	ADC Analysis Payment of Commercial Invoices by Electra
Confidential Attachment 11	Electra Marine Insurance Policy
Confidential Attachment 12	Electra Calculations - SG&A Costs
Confidential Attachment 14	Trading Agreements with various customers
Confidential Attachment 15	Supporting Documents – Payments to Electra
Confidential Attachment 16	ADC Analysis of Supporting Documents – Payments to Electra
Confidential Attachment 17	Supporting Documents - Tracking of rebate for specific sale in Electra's systems [CONFIDENTIAL TEXT DELETED – transaction]
Confidential Attachment 18	Electra's Gross Sales by Customer
Confidential Attachment 19	Additional Information - Freight Calculation
Confidential Attachment 20	Additional Information – Cutting Charge

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Confidential Attachment 21	Frequency of Profitable Sales
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