

**ATTACHMENT A**  
Application for Continuation of a Dumping Duty Notice  
PVC Flat Electrical Cables exported from China

**The application must include a detailed statement setting out reasons for seeking continuation of the anti-dumping measure. Applicants must provide evidence addressing whether, in the absence of measures, dumped or subsidised imports would cause material injury to the local industry producing like goods.**

**i. Will the dumping or subsidisation continue, or recur?**

Prysmian submits that sufficient evidence exists for the Anti-Dumping Commission (**the Commission**) to conclude that the expiration of the measures would likely lead to a continuation or recurrence of dumping and subsidisation of the goods (**the goods** and/or **PVC flat electrical cable**) exported to Australia from China.

In assessing the likelihood of dumping continuing or recurring, the Commission's Dumping and Subsidy Manual outlines several relevant factors and considerations. Such factors may include exporters' dumping margins, the volume of exports before and after the measures were imposed, the effect of the measures, the level of dumping compared with the level of measures, and any change in those measures (e.g., as a result of a review).<sup>1</sup>

- **Anti-dumping actions by other countries**

**World Trade Organisation Assessment**

According to the World Trade Organisation (**WTO**) *Integrated Trade Intelligence Portal*, a combined total of seven anti-dumping and countervailing measures are currently imposed by WTO member countries on electrical cables from China, as classified to the six-digit tariff subheadings for 854440, 854441, 854442, 854449, 854451, and 854459.<sup>2</sup>

- **Current normal values in the exporting countries**

In Investigation No. 469 (**INV 469**),<sup>3</sup> the then Minister for Industry, Science and Technology considered and accepted the recommendations of the Anti-Dumping Commissioner, and imposed the following interim dumping duties under the combination method:<sup>4</sup>

Exporter	Interim Dumping Duty (IDD)	Interim Countervailing Duty (ICD)	Combined Duty
Guilin International Wire & Cable Co. Ltd	6.6%	0.0%	6.6% <sup>5</sup>
Nanyang Cable (Tianjin) Co. Ltd	18.9%	3.1%	22.0%
All Other Exporters	18.3%	3.7%	22.0%

**Non-Confidential Table 1: INV 469 IDD/ICD Margin Summary**

In the Final Report to INV 469 (**REP 469**), the Commission found that there were no sales of like goods by Chinese exporters in the Chinese domestic market. Therefore, normal values could not be ascertained under

<sup>1</sup> Dumping and Subsidy Manual, December 2021, p. 137.

<sup>2</sup> Non-Confidential Attachment 1: WTO Integrated Trade Intelligence Portal. This covers more six-digit tariff subheadings than that which classifies the goods subject to this continuation application (8544.49). They have been included here to show where measures have been imposed on similar goods.

<sup>3</sup> PVC Flat Electrical Cables Exported from the People's Republic of China. Dumping and Countervailing.

<sup>4</sup> Refer ADN 2019/047.

<sup>5</sup> The duty applicable to Guilin International Wire & Cable Co. Ltd was later revised to 2.8% under ADN 2022/019.

**Application for the continuation of a  
Dumping Duty Notice****ADN No. 2019/047**

subsection 269TAC(1) of the *Customs Act 1901 (the Act)*.<sup>6</sup> The normal value of goods exported to Australia by Chinese exporters was therefore assessed under subsection 269TAC(2)(c), using the cost of production or manufacture of the goods in the country of export; and, on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade (**OCOT**) in the country of export, the SG&A costs associated with such a sale and the profit on that sale.<sup>7</sup>

Prysmian has constructed normal values for the goods in China, on a monthly basis, during CY2022/23. Using Chinese raw material cost information (increases indexed from 2017 to 2022), Prysmian has constructed normal values for PVC flat electrical cable using consumption and production efficiencies of Prysmian's own manufacturing line for the goods in Australia. This constructed selling price methodology is considered reliable as the Chinese raw material costs used represent actual costs incurred in China during 2022/23. Prysmian has relied upon its Australian production conversion costs, fixed costs and depreciation in determining a constructed normal value for the goods in China. Prysmian has also used its 2022/23 selling and general administration costs and applied this to the constructed Chinese production costs to arrive at a CTM&S price for the goods. To this, a level of profit has been applied.

Prysmian refers the Commission to Confidential Attachment 2 for full details.

- **Whether exports have continued post the imposition of measures, and estimates of export price**

Exports from China have continued post the imposition of measures. As imposed by ADN 2019/047, the measures came into effect on 14 May 2019. The below table depicts Chinese and all-other country source imports as classified under tariff subheading 8544.49.20 (statistical code 41) since the measures were imposed:

Country	CY2019 (km's)	CY2020 (km's)	CY2021 (km's)	CY2022 (km's)	CY2023 (Feb. 23) (km's)
China	[XXX]	[XXX]	[XXX]	[XXX]	[XXX]
All Others	[XXX]	[XXX]	[XXX]	[XXX]	[XXX]
<b>Total</b>	<b>[XXX]</b>	<b>[XXX]</b>	<b>[XXX]</b>	<b>[XXX]</b>	<b>[XXX]</b>

**Confidential Table 2: 8544.49.20.41 import volumes, CY2019-YTD CY2023<sup>8</sup>**

Imports under the above category, as classified as *Electric conductors not fitted with connectors, insulated with PVC materials, for a voltage exc 80 V but not exc 1 000 V*, includes goods that are not the subject of the measures. Prysmian, however, cannot identify with a high degree of accuracy the volume of the goods the subject to measures as entered under the nominated subheading and statistical code.

In REP 469, the Commission noted that:<sup>9</sup>

*...the ABF data includes a number of consignments under the relevant tariff classification which were not the goods, and a number of consignments which may be the goods but for which the goods description in the import declaration is inconclusive and the circumstances of the importation provide no further guidance. In order to refine the ABF data, the Commission has had regard to the importer and exporter of the consignments, products which have been specifically excluded from the goods description and known product codes and descriptions of the goods (obtained from the previous investigations). After this process, the identified exporters accounted for 69 per cent of the total shipments (by volume) from China that appear to be the goods.*

<sup>6</sup> A reference in this submission to "the Act", or to a "Section", "Subsection", or "Subparagraph" is a reference to a Section, Subsection, or Subparagraph of the Act, unless otherwise specified.

<sup>7</sup> REP 469, p. 28/37.

<sup>8</sup> Confidential Attachment 3.

<sup>9</sup> REP 469, p. 14.

An assessment of import data at this level therefore highlights that a high proportional share of the totals comprise the goods subject to the measures, and that Chinese exports have continued since their imposition. Separately, Prysmian has [commercial-in-confidence market intelligence and deductive export prices].

Prysmian refers the Commission to Confidential Attachment 2 for full details.

▪ **Whether exporters have maintained distribution links in Australia**

The evidence above of the current Chinese export trade to the Australian market indicates the presence of well-utilised distribution links. The continued export activity via these established export pathways presents an opportunity for Chinese exporters to quickly increase sales volume of dumped and injurious PVC flat electrical cables if the measures are removed.

In relation to the two specific cooperative Chinese exporters from INV 469, Guilin International Wire & Cable Co. Ltd (**Guilian**) and Nanyang Cable (Tianjin) Co. Ltd (**Nanyang**), Prysmian understands that [commercial-in-confidence market intelligence].

Nanyang's/Nan's investment in Australia is significant:<sup>10</sup>

*After supplying into the Australian market for 10 years, the Nanyang Cable Group has taken another decisive step by establishing its first offshore operation in Australia, the subsidiary company NAN Electrical Cable Australia Pty Ltd.*

*NAN Electrical Cable Australia Pty Ltd signals the start of an exciting new chapter in the company's drive to be recognised as a world leader in its field. While drawing on the technical and managerial skills of the parent company, NAN Cables adds considerable local management, administration, product and sales expertise to give customers in Australia, New Zealand and Pacific countries easy access to the best possible products and services.*

...

*With its feet firmly on the ground and eyes very much on the future, Nanyang Cable Group embarks with confidence on its new strategy to develop the Oceania market through the establishment of a subsidiary company based in Australia. In time, it will look to apply the Australia model to other corners of the globe identified as central to its expansion program and its drive to establish the NAN® brand as one of the most respected on the international stage.*

New Australian importers [commercial-in-confidence market intelligence].<sup>11</sup>

This type of pricing is telling as to the likely future price and volume behaviour of subject country exporters and Australian importers should the measures be allowed to expire – these parties are clearly motivated to achieve the lowest possible price points into the Australian market – an absence of ongoing measures will translate to a fall in prices, and the Australian industry will suffer a recurrence of material injury.

▪ **Whether exporters retain excess capacity for direction to Australia**

Summary

Chinese PVC cable producers have the capacity to export a substantial volume of the goods to the Australian market in the event of the expiration of the measures. Subject producers maintain extensive production capacity,

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<sup>10</sup> Non-Confidential Attachment 8: Nan Cable Brochure, p. 5 and p. 8.

<sup>11</sup> [commercial-in-confidence price analysis].

and they have the means and motive to export substantial volumes of the goods to Australia. Given the attractiveness of the Australian market, they would not hesitate to do so without the discipline of the measures. Publicly available information regarding installed capacity and capacity utilisation rates in the production of Chinese PVC flat electrical cables is not accessible, however the following points support Prysmian's position that excess production capacity for the goods is retained for direction to Australia:

- In REP 469, the Commission assessed that:<sup>12</sup>

*The Commission acknowledges that Nan's sales volume of the goods is relatively low in comparison to other suppliers. However, the Commission is of the view that, as Nan's pricing was consistently below Prysmian and Olex during the investigation period, this gave Nan a competitive advantage in particular when the goods are known to be highly price sensitive in the Australian market. The Commission considers that Nan's sales volume of dumped and subsidised goods was, in its own right, large enough to have caused material injury to the Australian industry during the investigation period. **Noting that Nanyang has significant capacity to supply the goods in larger volumes in future (and that this supports Nan's market entry strategy)**, the Commission considers that Nan's pricing in the market also created downward pressure on prices. [emphasis added].*

- [commercial-in-confidence market considerations]. However, allowing the measures to expire will risk the Australian market collapsing again with exporters such as Nanyang (who have significant installed capacity in China, and can bring this online to re-enter the Australian market)<sup>13</sup> alongside other importers/suppliers [commercial-in-confidence market intelligence].
- The import volume assessment above highlights that Chinese exporters have the capacity to service the Australian market. CY2020 through to mid CY2022 marked the onset and consequent duration of the COVID-19 pandemic (**COVID-19** and/or **the pandemic**), and the proliferation of government measures aimed at mitigating its economic impact on the Australian economy. With the building and construction industry the key focus, China was able to rapidly increase its exports of PVC cables to Australia.<sup>14</sup> At peak volumes, China increased its exports by 42% when compared to CY2019. With demand in the Australian building and construction sector now in decline, China's export volumes to Australia fell slightly in CY2022. China will nonetheless seek to maintain its high-volume presence in the Australian market.

Prysmian does not consider that the Commission's finding in REP 469 has altered since 2019 – namely, that Chinese exporters have significant capacity to supply the goods to the Australian market in large volumes (and indeed, have previously adopted a market entry strategy to execute on such an approach). Furthermore, the evidenced ability of Chinese exporters to flex Australian export volumes over the life of the measures (primarily during an economic period unparalleled with any other prior, and one which will not be repeated) clearly highlights the existence of excess capacity and the selective utilisation of such.

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<sup>12</sup> REP 469, p. 61.

<sup>13</sup> Refer Non-Confidential Attachment 8 at p. 7. In relevant part *Today, Nanyang Cable Group has four large scale modern production bases, with one in each of Shantou and Tianjin and two in Guangzhou. Collectively, they cover some 500,000 square metres, comprise \$330 Million in fixed assets and have an annual production capacity of approximately \$1.5 Billion. The Shantou, Guangzhou and ultra-large scale Tianjin manufacturing facilities produce power cables up to SOOKV, including products such as control cables, overhead cables, fire performance cables, low smoke and halogen-free cables.*

<sup>14</sup> In REP 469, the Commission assessed that the demand for PVC flat electrical cable is driven by new housing, commercial development and refurbishment of existing properties. These activities are driven by economic conditions such as population growth, interest rates, housing prices as well as consumer and business confidence. Refer REP 469, p. 47.

**ii. Will material injury recur?**

- **Volume and value of imports, and sources of imports**

Refer above at i as to whether exports have continued post the imposition of measures, and estimates of export price.

- **Sales and market shares of all suppliers**

The market share of all suppliers for the goods is estimated by the Australian industry to be as follows:

**[Commercial-in-confidence Confidential Table 3: 2019-2023 market share estimate]**

In relation to sales, Prysmian has provided Confidential Appendix A-6.1 as part of this application. The Australian industry is unable to estimate the annual sales (volumes and values) of all other suppliers listed above.

- **Performance of the local industry (profits, price trends, investment and employment)**

Prysmian has provided Confidential Appendix A-6 and Confidential Appendix A-7 as part of this application.

- **Likelihood of material injury in the absence of anti-dumping measures**

**Summary**

The PVC flat electrical cable industry in Australia is volume-dependent and has a high degree of price sensitivity. Because the goods sold in Australia must comply with the Australian Standard,<sup>15</sup> buyers are able to switch suppliers easily. The purchasing decision for the goods is therefore predominately based on the price of the product. Given this volume-dependent nature of the industry and the emphasis on the price due to high interchangeability, the Australian industry is highly susceptible to volume, price, profit and profitability injury from dumped and subsidised Chinese imports.

Prysmian therefore submits that in the event the anti-dumping and countervailing measures applicable to PVC flat electrical cable exports from China are allowed to expire on 14 May 2024, the Australian industry will suffer, and be threatened with a recurrence of, material injury that the measures are intended to prevent.

**The Likely Volume of Imports Would be Significant**

In evaluating the likely effects of subject imports, the Commission looks to assess whether the likely volume of the subject goods would be significant if the measures were to expire. The Commission also considers all economic factors relevant to the inquiry in making this assessment, such as production capacities (and existing unused capacity), market size and share, and changes in the structure and operation of the market since the measures were imposed.<sup>16</sup> Another important factor that the Commission considers is the extent to which subject producers are export oriented. As shown below and above, taken together, these factors indicate that the likely volume of PVC flat electrical cable exports from China would be significant if the measures lapse.

<sup>15</sup> Australian/New Zealand Standard AS/NZS 5000.2.

<sup>16</sup> Dumping and Subsidy Manual, December 2021, p. 137-138.

**Investigation 469**

The Commission's market share assessment over the calendar year 2014 to 2017 period found that Australian industry members lost share in CY2017 to the goods imported from China.<sup>17</sup> The Commission also found that imports from non-subject countries remained small (consistently less than 5%) and declined in CY2016 and CY2017.<sup>18</sup>

The volume-effect injury analysis in INV 469 was that:<sup>19</sup>

*The Commission understands that the Australian industry members are volume dependent businesses. When they compete with cheaper offers for imported goods from China, they either:*

- *maintain prices and lose sales volume to cheaper offers; or*
- *maintain volume by matching or beating other prices at the expense of profitability.*

*The Commission notes that when Australian industry members lose sales volumes and market share, their fixed costs are distributed across a lower sales volume which would further reduce their profitability. Consequently, there is considerable desire for the Australian industry members to increase or at least maintain their sales volumes. Despite this, during the investigation period, both Prysmian and Olex lost sales volumes and market share to imported goods from China. This has further impacted Australian industry members' profitability during the investigation period.*

The Commission found that the high price sensitivity of the goods directly impacted achieved sales volumes – the supplier which offered the lowest weighted average price to customers in any given month generally exceeded its average monthly sales volumes within that month, and the highest price offer generally led to lower than average sales volumes.<sup>20</sup>

The Commission's view in INV 469 was that dumped and subsidised PVC flat electrical cable imports from China caused injury to the Australian industry in the form of reduced sales volumes and market share.<sup>21</sup>

**Current Inquiry**

Prysmian considers that the expiration of measures would likely lead to material injury to the Australian industry in the form of reduced sales and reduced market share. In the absence of measures, exporters from China are highly likely to increase export volumes to Australia.

As above, imports of PVC flat electrical cable from China increased over the original investigation and injury analysis periods. The subject imports rose while Australian industry volumes declined as China aggressively acquired market share causing material injury via material margins of dumping.

Absent the continuation of the trade measures, the domestic industry will once again be forced to compete with rising volumes of low-priced subject imports. Australian industry members maintain large investments in manufacturing the goods, with volume a key consideration in cost management. When production volumes drop from the injurious effects of Chinese imports that have demonstrated their ability to be at materially dumped levels, unit cost to make and sell then increases for the Australian industry which reduces profitability.

A further consideration during the proposed 2022/23 continuation inquiry period is that the COVID-19 pandemic, that commenced in late 2019, disrupted the global demand and the supply of many products including PVC

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<sup>17</sup> REP 469, p. 48.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid, p. 58-59.

<sup>20</sup> Ibid, p. 59.

<sup>21</sup> Ibid.

**Application for the continuation of a  
Dumping Duty Notice**

ADN No. 2019/047

cables. Prysmian submits that had the COVID-19 not disrupted global supply chains, export volumes from China would have been higher. As supply chains stabilise, Australian industry sales volumes will become vulnerable to exports as a result of an increase in volumes.

The Commission has assessed the impact of COVID-19 on supply chains, noting:<sup>22</sup>

*While the economic uncertainty driven by the COVID-19 pandemic is likely to continue in the short term, the commission does not consider that the growth in the Australian market experienced during the inquiry period is likely to be replicated on an ongoing basis.*

...

*The commission considers that the growth in the Australian market during the inquiry period was anomalous when assessed against the longer term trend. The commission expects that as the impacts associated with the pandemic recede, the Australian market will return to more normalised conditions, characterised by gradual growth over the long term, within the context of the shorter time variability inherent to the business cycle (i.e. variance within shorter time periods).*

...

*The commission considers the Australian industry remains susceptible to injury from dumping and subsidisation as those favourable conditions evident during the inquiry period likely dissipate over coming years.*

These above conclusions can be similarly applied to PVC flat electrical cable exports to Australia; logistical bottlenecks that had been contributing to rising inventory levels in China will eventually unwind, resulting in increased exports of the subject goods to Australia at materially injurious levels.

As evidenced above, subject producers maintain extensive production capacity, and have the means, existing supply channels, and motive to export substantial volumes of PVC flat electrical cables to Australia. Given the attractiveness of the Australian market and its geographic proximity, they would not hesitate to do so without the discipline of the measures.

**The Likely Price Effects Would be Significant**

In considering the likely price effects of subject imports, the Commission considers whether there is likely to be significant underselling by the subject imports, and whether the subject imports are likely to enter the Australian market at prices that otherwise would have a significant depressing or suppressing effect on domestic like product prices. In this continuation review, the evidence relating to these factors demonstrates that the likely price effects of the subject imports on the domestic like product would be significant.

**Investigation 469**

The Commission's consideration of its injury determinations in the original investigation, reflecting the industry's condition prior to the imposition of measures, is important because that period was the most recent time during which imports of Chinese goods competed in the Australian market free of the discipline of interim dumping duties.

In INV 469, the Commission's analysis showed that the weighted average Free-Into-Store cash price of the goods sold by Nan to wholesalers was the cheapest in the market during the investigation period, and that the

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<sup>22</sup> CON 590 Statement of Essential Facts, p. 107-108, 109.

weighted average price of the goods sold by Electra mostly undercut the Australian industry prices in the second half of the investigation period (this occurred during a period of rising copper costs).<sup>23</sup> Further:<sup>24</sup>

*Australian industry members increased the list prices of the goods consistent with the increase in the copper prices. However, the Commission also observed that the Australian industry members often had to extend further discounts from the list prices (in addition to the contractual rebates and discounts the customers were eligible to) in order to compete with other prices in the market, which were for dumped and / or subsidised exports. Therefore, the evidence before the Commission suggests that the Australian industry members sought to increase prices to respond to increasing copper costs, but instead reduced pricing in subsequent months in an attempt to maintain market share (which appeared to be unsuccessful).*

The Commission's view in INV 469 was that the dumping of PVC flat electrical cable from China caused injury to the Australian industry in the form of price suppression.<sup>25</sup> <sup>26</sup>

In terms of profits and profitability:<sup>27</sup>

*The Commission observes that the lowest undumped and unsubsidised prices would, on average, be 6.6 per cent above the Australian industry members' prices. The Commission considers this would represent a material improvement in the Australian industry's economic condition, and would be likely to enable the Australian industry to recover its CTMS. This would have substantially altered the profit and profitability outcomes for Prysmian and Olex during the investigation period that were observed in Chapter 8.*

The Commission therefore considered that dumped and subsidised imports of PVC flat electrical cable caused injury to the Australian industry in the form of lost profits and profitability.

The Commission also found that countervailable subsidies had been received in respect of the goods exported to Australia from China during the original investigation period. The Commission assessed 39 countervailable subsidies across four main categories,<sup>28</sup> and found that the countervailing margins for the goods exported by Nanyang, and the uncooperative and all other exporters, were not negligible.<sup>29</sup>

### **Current Inquiry**

Given the substitutability of the domestic like goods and subject imports and price-based competition for PVC flat electrical cable in the Australian market, if the measures expire, a significant volume of dumped subject goods from China would again substantially undersell the domestic like product to gain market share. In turn, this would depress and suppress domestic like product prices to a significant degree. With Chinese exporters no longer bound by the measures, a recurrence of the price injury experienced by the Australian industry in the original investigation period is highly likely.

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<sup>23</sup> REP 469, p. 57.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Prysmian also draws attention to the Commission's REP 469 finding in regards to the practice of holding prices. At Section 9.4.2 (p. 58): *The practice of price holding contradicts common business practice of seeking to pass on costs to the customer as soon as reasonably possible in order to remain profitable. Having regard to the verified data from Nan, the Commission considers that Nan's prices do not appear to be cost driven **but set at a point to achieve greater market penetration**. The Commission is of the view that, if Nan and Nanyang were trading at arms length, Nan would not have been able to sell the goods consistently at a loss and would have had to factor its costs into its prices. The Commission holds that Nan's large accumulated losses and unpaid debts to Nanyang support this finding. [emphasis added].*

<sup>27</sup> REP 469, p. 59.

<sup>28</sup> Ibid, beginning p. 88.

<sup>29</sup> Ibid, p. 44.

The Australian market for the goods remains highly price sensitive as a result of the substitutable nature of the domestic like product and the subject goods. Profit margins on sales to the main customer base (i.e. wholesalers) are generally low with buyers seeking to purchase at the lowest possible price point. Therefore, even a small difference in price changes the buying decision, and the injury multiplier is substantial.

Prysmian also contends that Chinese exporters of the goods continue to receive countervailable benefits provided by the Government of China at local, provincial, and national levels. Prysmian highlights with the Commission recent economic analysis and commentary suggesting that the GOC's industrial interventions continue to increase, as industrial policy is seen as vital to reducing China's economic dependence on other countries, while they increase their dependence on China.<sup>30</sup> According to the *Centre for Strategic and International Studies (CSIS)*, Beijing's industrial initiatives have become more ambitious in recent years. In a recent study, the CSIS concluded that:<sup>31</sup>

- China's industrial policy spending is enormous, totalling at least 1.73 percent of GDP in 2019. This is equivalent to more than US\$248 billion at nominal exchange rates and US\$407 billion at purchasing power parity exchange rates. This is higher than China's defence spending for 2019, estimated at US\$240 billion.
- China is an outlier; it spends far more on supporting its industries than any other economy. As a share of GDP, China spends over twice as much as South Korea, which is the second-largest relative spender. In dollar terms, China spends more than twice as much as the U.S.
- China's approach to industrial policy is exceptional, as Beijing is sustaining or increasing vertical industrial policy at a level of development when other economies have dialled back. China stands out in terms of both quantifiable spending as well as non-quantifiable policy tools.

In June 2022, *The Australian Strategic Policy Institute* assessed that:<sup>32</sup>

*China's trade surplus hit an extraordinary US\$292 billion in the first five months of the year—more than double its pre-pandemic level—and its aggressive pursuit of export markets is likely to become a flashpoint in a slowing world economy.*

*The Chinese export surge includes Australia, despite Beijing's continuing campaign of illegal trade sanctions against Australian exports.*

*China's exports to Australia over the last reported five months were up 44% from a year ago, while Australia's shipments in the other direction were down 5%, despite soaring commodity prices.*

*There is no hint of a concerted Western response to China's mercantilist strategy, which treats trade surpluses as a manifestation of national power. The World Trade Organization's rules place no restriction on either the preponderance of state-owned enterprises in the Chinese economy or the subsidies China extends to its private sector, which are fuelling its export boom.*

In the United Kingdom's Trade Remedies Authority (**TRA**) current anti-subsidy investigation into Single-mode Optical Fibre Cables from China, the applicant has claimed that there exists substantial evidence that Chinese cable producers receive the following types of subsidies:<sup>33</sup>

<sup>30</sup> Non-Confidential Attachment 4: *China spends far more than others to help favoured industries, report finds*. The Wall Street Journal, 23 May, 2022.

<sup>31</sup> Non-Confidential Attachment 5: *Red Ink, Estimating Chinese Industrial Policy Spending in Comparative Perspective*. Centre for Strategic & International Studies. May 2022. Accessible at <https://www.csis.org/analysis/red-ink-estimating-chinese-industrial-policy-spending-comparative-perspective>

<sup>32</sup> Non-Confidential Attachment 6: *China's relentless export machine*. Australian Strategic Policy Institute, The Strategist. 21 June, 2022.

<sup>33</sup> Non-Confidential Attachment 7: *Industry application to AS002 – Single-mode Optical Fibre Cables from China (initiated April 2022)*.

**Application for the continuation of a  
Dumping Duty Notice**

ADN No. 2019/047

1. Direct transfer of funds.
2. Provision of preferential financing, directed credits and funding through equity, quasi-equity, and other capital instruments:
  - a. Preferential loans by State-owned banks;
  - b. Export-contingent loans;
  - c. Preferential financing through credit lines;
  - d. Preferential financing through standard corporate bonds; and
  - e. Preferential financing through convertible corporate bonds.
3. Preferential export credit insurance and guarantee.
4. Government revenue forgone or not collected:
  - a. Enterprise Income Tax privileges and benefits for High and New Technology Enterprises;
  - b. Tax offset for research and development; and
  - c. Accelerated depreciation of instruments and equipment used by High-Tech enterprises for High-Tech development and production.
5. Provision of goods and services at less than adequate remuneration (**LTAR**):
  - a. LTAR provision of land;
  - b. LTAR provision of raw materials and inputs; and
  - c. LTAR provision of power.

Amongst others, this economic analysis and trade precedent highlights the ongoing prevalence and involvement of the GOC in the Chinese electrical cable industry. Applied here, it is Prysmian's firm position that the GOC continues to influence the domestic market through the range of proven countervailable subsidies.

Expiration of the measures would therefore likely lead to a recurrence of injury to the domestic industry by negatively impacting both sales and prices. Prysmian submits that Chinese excess capacity, the close proximity of the Australian market, and ongoing countervailable benefits provides a strong incentive for subject exporters to adopt a lower export market profit strategy or a marginal cost pricing strategy in order to lower price and increase market share in Australia.

Without the discipline of trade relief, unfairly traded PVC flat electrical cable imports would again be free to enter the Australian market unrestrained, and they would increase market share through underselling. Such imports would suppress and depress prices, adversely affecting the profitability and stability of the domestic industry, just as they did prior to the imposition of the measures.

**iii. Conclusion**

The Commission needs to appropriately consider the period beyond the life of the current measures to determine if it is likely that dumped/subsidised and injurious PVC flat electrical cable exports from China will likely continue.

In INV 469, the Commission considered in the absence of measures that a continuation of price competition from dumped and subsidised imports from China was likely to have a continuing adverse impact on Australian industry members – this impact would be particularly evident in price undercutting, price suppression, reduced sales volumes, reduced market share and reduced profits and profitability.

This application indicates that the likely impact of PVC flat electrical cable imports from China on the domestic industry would be significant if the measures were discontinued. As shown above, should the discipline of the measures be removed, subject producers will likely export a significant volume of the goods to the Australian market. Those unfairly traded imports would likely take sales from the Australian industry and depress and/or suppress Australian prices. These developments would then likely cause Australian industry's output, sales, market share, profits, productivity, return on investments, and capacity utilisation to decline. They would also likely have significant negative effects on other aspects of the industry's performance, such as employment, wages, growth, and investment.

**PUBLIC FILE**

***Application for the continuation of a  
Dumping Duty Notice***

***ADN No. 2019/047***

Accordingly, the likely adverse impact of the subject imports would be significant if the measures expire in May 2024. The Australian industry therefore remains vulnerable to material injury in the event of expiration. Should trade relief be terminated, the Australian PVC flat electrical cable industry will experience a continuation or recurrence of material injury, as it did prior to the imposition of the measures. Given the Commission's previous determinations with respect to the volumes and injurious price effects of subject imports, as well as the importance of price to the Australian industry, a substantial volume of dumped subject imports will inevitably result in the decline of Australian volume and prices, and the overall financial performance of the domestic industry.

Prysmian requests that the Commissioner commence an investigation into the continuation of the anti-dumping and countervailing measures in respect of PVC flat electrical cables from China the subject of the Minister's original decision following publication of Report No. 469.