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ANTI-DUMPING INVESTIGATION BY AUSTRALIA ON IMPORTS OF RAILWAY WHEELS FROM FRANCE

Written submission by the European Commission on the initiation of the investigation (Consideration Report Nr 466)

The European Commission would like to thank the Australian authorities for the opportunity to submit comments with regard to the initiation of the above-mentioned proceeding.

Following the analysis of the Consideration Report No 466 and the industry application, the European Commission would like to draw the investigating authorities' attention to certain issues that would require further analysis and are presented below.

1. Injury analysis

The Anti-Dumping Commission finds that there appear to be reasonable grounds to support the domestic industry claims regarding loss of sales volume, loss of market share, price suppression and loss of profit and reduced profitability.

According to Article 3.4 of the WTO Anti-dumping Agreement (WTO ADA), the investigating authorities shall examine "*all relevant economic factors and indices having a bearing on the state of the industry*" and the WTO jurisprudence has confirmed the obligation to analyze each and every factor listed in that article.

There are however, important missing elements of analysis that may have an impact on the injury (and causality) assessment. Some factors so far have been omitted. For instance, details on the capacity utilization, production or productivity have not been analysed.

The European Commission thus expects the Australian authorities to look at all the relevant factors during the course of the investigation.

2. Lack of meaningful summaries of confidential information

These and other missing factors were nevertheless available to the applicant and contained in the application (Confidential Appendix A7) but were not summarized.

It is also necessary to further analyse the cost behavior. The European Commission believes that there may be factors other than the volume of production influencing costs. Detailed information on the cost components was also contained in the application (Confidential Attachment A6.1) but was not summarized.

It is therefore recalled that according to Article 6.5 of the WTO ADA non-confidential summaries, sufficiently detailed to permit a reasonable understanding of the substance of the information submitted in confidence, need to be provided. The lack of information regarding some of the injury indicators does not allow the parties to comment on a complete injury picture and therefore, the right of defence is of the parties is not respected.

3. Causation analysis

The complainant claims that dumped imports from France and China are the only cause of injury to the domestic industry during the investigated period.

Even though the initial review of pricing indicates that there may be price undercutting, the Anti-Dumping Commission acknowledges that there is still some further work to be done on this indicator.

The European Commission is however of the view that other factors may have had an impact on sales volumes, market share, price and profitability of the complainant. The causality analysis should for example examine the effects of the decline in the complainant's exports, the effects of the fluctuations of the Australian dollar exchange rate and the effects of any changes in the cost components.

Furthermore, given that the product under investigation is only used in for transporting iron ore, the performance of the complainant depends exclusively of the situation of the iron ore sector. As the Anti-Dumping Commission acknowledges, it is necessary to further analyse the effects of the sales volumes and prices of iron ore in the sales volumes, prices and profitability of the Australian domestic wheels industry.

4. Conclusion

Following the assessment of the information provided in the Consideration Report and the application, the European Commission expects that all the injury indicators listed in Article 3.4. of the WTO ADA will be analyzed.

It also expects the release of meaningful non-confidential information, in particular on the cost components and the missing injury indicators, for the sake of accuracy and accountability.

The European Commission has no further comments at this stage of the investigation and reserves its right to raise other issues in subsequent phases of this inquiry.

The European Commission trusts that the Australian authorities will comply with their WTO obligations throughout the proceeding.