

27 July 2018

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### Public File

Dear Mr Akdeniz

### Investigation No. 469 – PVC flat electric cables exported from the People’s Republic of China

#### I. Background

I refer to the submission dated 18 July 2018 on behalf of the Australian importer of PVC cable - NAN Electrical Cable Australia Pty Ltd (“NAN Cable”), and its related Chinese exporter Nanyang Cable (Tianjin) Co., Ltd (“Nanyang”).

The submission seeks to dispute Prysmian Australia Pty Ltd’s (“Prysmian”) claims that exports of flat, electric PVC cables (“the goods”) have not been exported to Australia at dumped and subsidized prices, resulting in material injury to the Australian industry manufacturing like goods. It is further contested that grounds do not exist for the publication of a dumping duty notice in respect of the goods.

#### II. Previous investigations

Investigation No. 469 is not premised on earlier investigations involving the goods. Investigation No. 469 relates to a different investigation period (i.e. calendar year 2017) and includes whether exporters have received countervailable benefits from the government of China (“GOC”) during this investigation period.

Prysmian will detail – contrary to NAN’s statements – that differences in the circumstances of the exported goods exist in the 2017 investigation period that are significant when contrasted with earlier investigations.

#### III. Nanyang’s exports to Australia

It is claimed on behalf of NAN and Nanyang that NAN has experienced consistent growth since 2015. However, it is also alleged that “*the Goods are sold by all members of the Australian market at a loss or a very small margin*”.

Prysmian does not consider that the broad statements by NAN and Nanyang concerning *all members of the Australian market* can in any way be interpreted as justification for exporters selling on the Australian market at a loss. It would seem from statements made in the NAN and Nanyang submission that the Chinese exports are sold into the Australian market at a loss on the basis that all other market participants are doing likewise.

The Anti-Dumping Commission (“the Commission”) will examine Nanyang’s exports to Australia and determine whether dumping has occurred. Similarly, the Commission will examine whether NAN has sold the Nanyang exports into the Australian market at profitable levels. If losses have been incurred by NAN, the Commission will determine deductive export prices for exports of the goods sold to Australia by Nanyang.

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#### IV. Australian market

Prysmian notes that the submission contends that the larger importer of PVC cable from China, Electra Cables (Aust) Pty Ltd (“Electra”) “*is in vigorous competition with the Australian industry, specifically Nexans Olex*”. This allegation is based upon a quotation in Prysmian’s application referring to a finding of the Commission in Investigation No. 271.

Prysmian has not made any assertions about “vigorous competition” between the two parties as is inferred by NAN. Rather, Prysmian has demonstrated how it has experienced price undercutting from the dumped and subsidized exports during 2017. Prysmian reaffirms the position as stated in its application that the Chinese exports have undercut Prysmian’s selling prices of the goods during 2017.

The representations on behalf of NAN and Nanyang ventures to estimate the market share held by its co-importer of the goods Electra as “in excess of 30%” and describes Nan’s market share as “minimal”. It further contends that any injury caused by Nanyang’s exports to Australia as “negligible”. Prysmian considers that the representations in the 18 July 2018 submission are contradictory and cannot be relied upon. It is firstly alleged that NAN has experienced consistent growth year-on-year since 2015; however, the impact of its sales is allegedly ‘negligible’. Prysmian suggests that in a described market where “vigorous competition” is evident, an importer could only achieve “consistent” growth if it were undercutting other market participants.

The Commission will be well-placed to examine the pricing behavior of importers of Chinese PVC cable throughout the investigation period.

Prysmian is concerned by the claims of NAN and Nanyang that goods “must be priced competitively in order to achieve market penetration”. The inference here is that pricing must undercut all other market participants and read in conjunction with NAN and Nanyang’s earlier comments about sales “at a loss or a very small margin” suggests that the exports have been at marginal prices and dumping (and subsidization) has occurred throughout the investigation period.

#### V. Factors not associated with dumping and subsidization

The submission by NAN and Nanyang seeks to attribute injury to the Australian industry to factors other than dumping and subsidization, including:

- Activities in the wholesale (i.e. ‘secondary’) market;
- The China-Australia Free Trade Agreement (“ChAFTA”);
- Other economic factors;
- The recall of Chinese imports in 2015 and 2016;
- High levels of competition; and
- Prysmian’s business practices.

Prysmian is cognizant of the impact of reducing tariffs following the finalization of ChAFTA. However, Prysmian does not consider that ChAFTA has had a material impact on selling prices. As recognized by NAN and Nanyang, raw material copper prices increased throughout 2017. There were, however, inadequate price increases for imported PVC cable the subject of this investigation<sup>1</sup>. Prior to this, the fall in the Australian dollar did not translate into higher import prices in the periods following the investigation period in Investigation No. 271.

Prysmian has endured increasing production costs in 2017 and has been unable to pass these through to customers due to the aggressive prices of imported Chinese PVC cable. The import prices for Chinese

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<sup>1</sup> Interestingly, Electra Cables has notified two price increases subsequent to the initiation of Investigation No. 469.

PVC cable – the only major alternative source to local production – have not reflected higher input costs during 2017 as has been evidenced in LME copper prices.

NAN and Nanyang contend that the increase in sales volumes for Chinese imports in 2017 “represents a return to confidence” in the quality of goods from China following the product recalls of the two prior years. Whilst Prysmian is not concerned by any apparent return of confidence in imported goods, Prysmian is concerned that the imported Chinese goods do not appear to reflect increases in copper and raw material prices during 2017 and have been priced at dumped and injurious levels.

VI. PAD and imposition of measures

Prysmian rejects NAN and Nanyang’s contentions that grounds do not exist for the publication of a Preliminary Affirmative Determination (“PAD”) and imposition of provisional measures at Day 60 (or the earliest date at which the Commission is satisfied reasonable grounds exist for the publication of a dumping duty notice).

The 18 July 2018 submission criticizes the level of dumping margin assessed by the Commission for the purposes of Consideration Report No. 469. It should be highlighted with Nan and Nanyang that the Commission did not include all costs associated with the selling and marketing of the goods in China; nor did the Commission include a level of profit. The *prima facie* dumping margin assessed by the Commission for the purposes of Consideration Report No. 469 is therefore conservative and could reasonably have been determined at a much higher level.

Subject to the content of the exporters’ questionnaire responses, Prysmian encourages the Commission to publish a PAD and impose provisional measures at Day 60 to prevent further material injury to the Australian industry manufacturing like goods to imported PVC cable.

VII. Recommendations

The NAN and Nanyang submission of 18 July 2018 is contradictory in terms of the injurious impact of Nanyang’s exports to Australia on the Australian industry. It is contended that sales of imports are at a loss or small margin of profit, indicating the likelihood that dumping has occurred by Nanyang during 2017. The submission fails to address NAN’s pricing behavior during 2017 to reflect increasing copper and raw material prices but rather justifies the flat pricing due to a ‘return to confidence’ in Chinese imports.

Prysmian does not consider that the NAN and Nanyang submission has in any way demonstrated that its exports of the goods to Australia during 2017 were not at dumped and injurious levels.

Subject to the Commission’s assessment of exporter questionnaire responses for cooperating exporters, Prysmian urges the Commission to make a PAD and impose provisional measures at Day 60 (or as early thereafter as possible) to prevent further material injury to the Australian industry.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 9600 0306 or Prysmian’s representative Mr John O’Connor on (07) 3342 1921.

Yours sincerely



Hamavand Shroff  
Chief Executive Officer – Australia & New Zealand