



Australian Government
**Department of Industry,
Innovation and Science**

**Anti-Dumping
Commission**

INVESTIGATION 469

**ALLEGED DUMPING AND SUBSIDISATION OF
PVC FLAT ELECTRICAL CABLES
EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA**

VERIFICATION VISIT REPORT - IMPORTER

Nan Electrical Cable Australia 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**

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1 BACKGROUND

On 4 June 2018 the Commissioner of the Anti-Dumping Commission (the Commissioner) initiated an investigation into the alleged dumping and subsidisation of PVC flat electrical cables exported from the People's Republic of China (China).

Public notification of the initiation of the investigation was published on the website of the Anti-Dumping Commission (the Commission). The background relating to the initiation of this investigation is contained in *Consideration Report No. 469* (CON 469) and Anti-Dumping Notice (ADN) No. 2018/86.

Following the initiation, the Commission wrote to Nan Electrical Cable Australia Pty Ltd (NAN) and other importers of PVC flat electrical cable inviting them to cooperate with the investigation. NAN cooperated with the investigation and completed the importer questionnaire and relevant attachments.

2 AUSTRALIAN SALES

2.1 Verification of sales to audited financial statements

The verification team verified the completeness and relevance of NAN's sales listing by reconciling it to audited financial statements in accordance with Anti-Dumping Notice (ADN) No. 2016/30.

Details of this verification process are contained in the verification work program at **Confidential Attachment 1**.

The verification team did not find any issues with the verification of the sales listing to audited financial statements.

2.2 Verification of sales to source documents

The verification team verified the accuracy of NAN's sales listing by reconciling it to source documents in accordance with ADN. No 2016/30.

Details of this verification process are contained in the verification work program at **Confidential Attachment 1**.

The verification team did not find any issues with the verification of the sales listing to source documents.

2.3 Related customers

The verification team did not find any evidence that NAN is related to any of its customers during the investigation period.

3 IMPORTS

3.1 The goods

NAN confirmed that it imported PVC flat electrical cables from China during the investigation period, which matched the description of the goods that are the subject of this application.

NAN purchased PVC flat electrical cables on 100mt and 500mt drums during the investigation period. Most of the cables purchased by NAN are white coloured but there are a small volume of black PVC flat electrical cable purchases as well.

3.2 Verification of importation and selling costs

The verification team verified the accuracy of the importation and selling costs by reconciling selected imports to the source documents in accordance with ADN No. 2016/30.

Details of the verification are contained within the verification work program as **Confidential Attachment 1**.

The verification team did not find any issues with the verification of importation and selling costs to source documents.

3.3 Import listing

NAN confirmed that the import listing extracted from the Australian Border Force (ABF) import database is a complete list of imports of the goods over the investigation period.

The verification team calculated the weighted average Free on Board export at **Confidential Appendix 1**.

3.4 Forward orders

The verification team verified NAN's forward orders by reconciling the listing provided in the importer questionnaire response to the company's records. The verified list of forward orders is at **Confidential Appendix 2**.

3.5 The importer

The verification team considers NAN to be the beneficial owner of the goods at the time of importation and therefore the importer as NAN is:

- named on the commercial invoice from its supplier;
- named as the consignee on the bill of lading;
- declared as the importer on the importation declaration to ABF;
- pays for all the importation charges; and
- arranges delivery from the port.

3.6 The exporter

Subject to further inquiries, the verification team considers Nanyang Cable (Tianjin) Co., Ltd (Nanyang) to be the exporter of the goods.¹

3.7 Profitability of imports

NAN stated that it was not possible to trace the selected importations to any individual sales to its customers. Therefore, for the purposes of calculating the profitability of sales, the verification team had regard to the weighted average net selling prices of the goods in the relevant state one month after each consignment's date of entry for home consumption. Following this approach, the verification team calculated that NAN's PVC flat electrical cable sales were unprofitable in general. This assessment is at **Confidential Appendix 3**.

However, the verification team is of the opinion that, due to an accurate comparison of the importations with corresponding sales to NAN's customers not being reasonably practicable, if the Commission considers that the export price should be calculated under subsection 269TAB(1)(b) of the *Customs Act 1901* (the Act)², the profit rate calculation for the purposes of a deductive export price should be made by having regard to the sales of the general category of the goods instead. In this case, the verification team calculated NAN's profit rate using its company-wide net profit rate in 2017 calendar year from NAN's audited profit and loss statement for 2017 calendar year.

3.8 Related party suppliers

At the visit, NAN explained that it is 100 per cent owned by its supplier in China, Nanyang. The verification team reviewed the documentation provided by NAN and concluded that Nanyang was a related party supplier to NAN during the investigation period.

3.9 Arms length

In respect of imports of PVC flat electrical cable to Australia by NAN during the investigation period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the buyer, or an associate of the buyer, was directly or indirectly, reimbursed, compensated or otherwise received a benefit for, or in respect of, whole or any part of the price.

¹ The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

² Unless otherwise specified, all legislative references in this report are to the *Customs Act 1901*.

PUBLIC RECORD

However, the verification team considers that, the price was influenced by the relationship between the buyer (NAN), and the seller (Nanyang).³

As explained in section 3.7 of this Report, the verification team found that the goods were sold at a loss. The verification team notes that the Minister may, for the purposes of paragraph 269TAA(1)(c) of the Act, treat the sale of those goods at a loss as indicating that the importer or an associate of the importer will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or a part of the price.⁴

Based on the above, the verification team is not satisfied that import transactions between NAN and Nanyang are arms length transactions.

³ The details of price setting methodology used between NAN and Nanyang is detailed in **Confidential Attachment 1**.

⁴ Subsection 269TAA(2)(b) of the *Customs Act 1901*.

4 GENERAL COMMENTS

4.1 Locally manufactured PVC flat electrical cable

NAN stated that there is no significant difference between imported and locally manufactured PVC flat electrical cables. NAN explained that both the imported goods and locally manufactured goods should comply with Australian standards and the customers choose based on price.

4.2 SG&A Calculations

The verification team explained to NAN that the SG&A expenses would be calculated using the current state of the operation during the investigation period. Nan's SG&A calculations are in **Confidential Appendix 1**. Further details of the verification team's findings and observations in relation to Nan's SG&A expenses are in **Confidential Attachment 1**.

5 RECOMMENDATIONS

The verification team is of the opinion that for the goods imported by NAN from Nanyang:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by the importer from the exporter;
- the purchases of the goods by the importer were not arms length transactions; and
- the goods are subsequently sold by the importer, in the condition in which they were imported, to a person who is not an associate of the importer.

Subject to further inquiries in relation to these shipments, the verification team recommends that the export price for PVC flat electrical cable imported by NAN from Nanyang can be established under s.269TAB(1)(b) of the Act, the price at which the goods were sold by the importer less the prescribed deductions.

6 ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Forward orders
Confidential Appendix 3	Profitability of sales
Confidential Attachment 1	Verification Work Plan