

Dr. Ross S. Becroft B.A., LL.B., M.Comm.Law. PhD

Suite 2, Level 3
182-184 Victoria Parade
East Melbourne, Victoria, 3002
Australia
Telephone: (61 3) 9866 5666
info@grossbecroft.com.au

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18 October 2021

The Director, Investigations 4
Anti-Dumping Commission
GPO Box 2013
CANBERRA ACT 2601

By email: investigations4@adcommission.gov.au

Dear Sir/Madam,

Re: Dumping Investigation No. 554 – Alleged dumping of Concrete Underlay Film Exported from Malaysia
Submission by Joiman Pty Ltd t/as Fairbanks Building and Garden Products (“Joiman”) – Response to Statement of Essential Facts

We refer to the Statement of Essential Facts (‘SEF’) dated 27 September 2021 published in relation to this investigation.

Joiman strenuously opposes the proposed finding of the ADC that the applicant, Cromford Film (‘Cromford’) has suffered and is continuing to suffer material injury resulting from the alleged dumped goods exported from Malaysia.

In this regard, Joiman wishes to raise the following matters for the ADC’s consideration:

1. **Shipping costs for Malaysian exports of the Goods Under Consideration (GUC) have increased dramatically since the Period of Investigation**

We are instructed that the ocean freight costs for shipping the GUC from Malaysia to Australia were approximately [REDACTED] [CONFIDENTIAL – FIGURES] per container during financial year 2019-2020, whereas currently such ocean freight costs are [REDACTED] [CONFIDENTIAL – FIGURES] per container. This represents an increase in ocean freight costs of over [REDACTED] [CONFIDENTIAL – FIGURES] percent in the period of approximately 15 months. This has resulted in a significant increase in the landed cost of the GUC in Australia, with the ocean freight representing in the order of [REDACTED] [CONFIDENTIAL – FIGURES] of the per unit landed cost of the GUC. Importantly, landed prices for the GUC ex-Malaysia are significantly higher than the cost to make and sell of Cromford, and this is reflected in the higher wholesale prices for Malaysian sourced concrete underlay, as compared with the prices charged by Cromford for the same sized goods. For example, for [REDACTED] [CONFIDENTIAL – MODELS] concrete underlay, the goods imported from Malaysia are priced at [REDACTED] [CONFIDENTIAL – PRICING INFORMATION] versus [REDACTED] [CONFIDENTIAL – PRICING INFORMATION] for the Cromford product. Hence, the Malaysian prices are [REDACTED] [CONFIDENTIAL – FIGURES] higher in the Australian market. We attach herewith marked as 'Confidential Attachment 1' sample invoices that set out these product and ocean freight charges.

2. **Cromford cannot meet demand for the GUC within the Australian market due to being at full capacity and are now increasing prices**

We are instructed that Cromford is not able to meet demand for the GUC within the Australian market. This fact is acknowledged by the ADC in section 8.10.2 of the SEF where it states:

Having regard to Cromford's capacity utilisation, market share and the size of the Australian market, the commission observes that the Australian industry has capacity limitations, in terms of its inability to supply a significant proportion of the Australian market for the goods.

Joiman has experienced various instances in which orders placed with Cromford have been either refused or cancelled because such orders cannot be fulfilled and Joiman believes that this conduct is not isolated and is occurring across the Australian wholesale market for concrete underlay. The simple fact is that Cromford cannot readily expand its market share, irrespective of the volumes and pricing of the GUC ex-Malaysia that is being sold into the Australian market.

Cromford's supply-side capacity constraints together with higher landed prices of the GUC ex-Malaysia as described in point 1 above is now leading to circumstances where Cromford (is able to increase and) has increased its pricing in the Australian market (in

the absence of any interim dumping measures currently being in place). In this regard, we **attach** herewith marked as '**Confidential Attachment 2**' sample pricing lists issued by Cromford that show price increases for concrete underlay rolls from [REDACTED]
[CONFIDENTIAL – DATE INFORMATION]

3. The issues described in paragraphs 1 and 2 above are directly relevant to the question of whether any material injury is being suffered by Cromford and whether any material injury found to have been suffered is then caused by dumped imports from Malaysia. In this case, there is demonstrable evidence of Cromford's inability to meet market demand (let alone increase its market share) and it is increasing its prices. This is occurring in circumstances where imports of the GUC ex-Malaysia are now sold into the Australian market at prices that are higher than Cromford's prices. The net result of the imposition of dumping duties will be the further significant increase in Australian wholesale prices for the GUC ex-Malaysia that will mean that Cromford will have the ability to further increase its prices with impunity in the Australian market.¹ For these reasons, Joiman submits that, contrary to the ADC's proposed findings in the SEF, the grounds for imposing dumping duties are not satisfied and the ADC should not recommend the publishing of a dumping notice by the Minister.
4. In addition, we submit that the injury complained of by Cromford is not *material* and in this regard we note the following matters referred to in the SEF relevant to the examined injury period:
 - There has been no material change in Cromford's market share in the Australian market and the market share of exports from Malaysia has also been very consistent;
 - There has been virtually no change in Cromford's unit weighted average CTMS and selling prices for the GUC;
 - Cromford's revenue marginally increased in 2018-19 and then only slightly decreased in 2019-20;
 - The value of Cromford's company assets markedly increased in the second half of the injury period;
 - Cromford's production capacity and capacity utilisation was virtually unchanged during the injury period.

All of the above conclusions support the proposition that Cromford has not suffered material injury within the meaning of the dumping legislation and that these economic effects are, in totality, a reflection of the normal ebb and flow of business that is cited as not constituting material injury in the Ministerial Direction on Material Injury.

¹ It is noted that any increased profit margin should also be taken into account in when establishing a Non-Injurious Price were measures to be imposed.

Do not hesitate to contact the writer should the Commission require any further information or wish to discuss the matter generally.

Yours faithfully

GROSS & BECROFT

A handwritten signature in black ink, appearing to be 'R. Becroft', with a long horizontal flourish extending to the right.

Dr. Ross Becroft

Principal

Encl.