

13th August 2020

Anti-Dumping Commission

GPO Box 2013

Canberra, ACT, 2601

PUBLIC RECORD

Attention: Case Team / Investigations 2

Re: Anti-Dumping Investigation No. 557 into Certain Copper Tube

Dear Case Team,

As per your request dated 13th July 2020 to our client Airefrig Australia Pty Ltd (Airefrig), please note the attached details of parts B, C & D to the importer questionnaire. Please also note that all attachments are **commercial in confidence**.

We make the following points in relation to the inclusion of the imports from China and Korea into this investigation.

Airefrig's business includes imports from [REDACTED] including imports of copper tubing as outlined by the Anti-Dumping Commission (ADC).

The goods imported from [REDACTED]. These imports relate to one of the import declarations you have requested data on for the purpose of the investigation. We therefore have not completed details in relation [REDACTED].

Airefrig has completed the rest of the data requested in relation to the other nine import declarations.

The importation of copper tubing by Airefrig is based on [REDACTED]. As Airefrig have [REDACTED] around the country the goods are imported and delivered into the required warehouse to supply to contractors when an order is received.

Based on the above model the bottom portion of Part B has not been completed.



It is also our understanding that [REDACTED] in these transactions, will also be providing data to the ADC separately to that which is being supplied by Airefrig.

We take this opportunity to request the ADC exclude the imports [REDACTED] from any and all dumping and countervailing investigations. It is our understanding there is no legal recourse for implementing such duties.

As background to this submission Airefrig has been within the industry of [REDACTED] amongst other items, for many years. Up until the closure of a separate manufacturing site in 2014 Airefrig [REDACTED] from this local manufacturer.

Once the closure of this manufacturing site was completed this left only one option to purchase the copper tubing locally, being the current applicant, who, based on having a monopoly on the local industry, preceded to increase prices and restrict supply to local companies like Airefrig.

The decision by the applicant at this time forced companies like Airefrig to investigate the option [REDACTED]. The supply by the applicant to Airefrig was uncompetitive, [REDACTED], and would have required Airefrig to [REDACTED] to their clients.

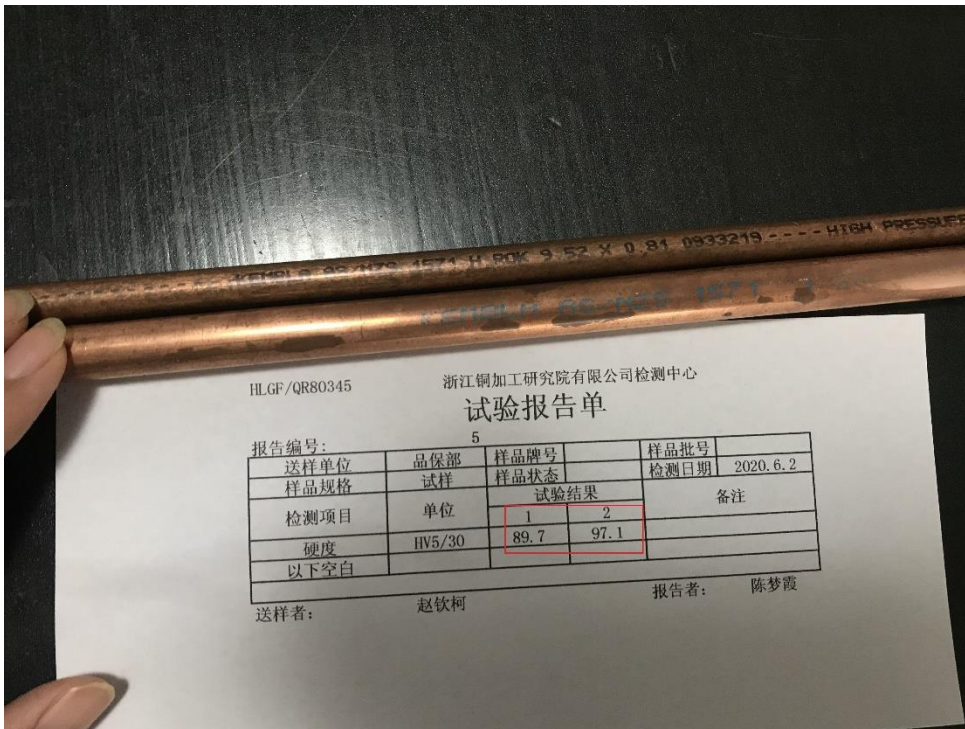
The detrimental effect on Airefrig's business should they have taken the approach and [REDACTED] have been devastating. The applicant's approach to the Australian industry, including supplying to said industry, has not been consistent with now requesting protection from imports by the ADC.

It is Airefrig's opinion that had the applicant approached the local industry with non-preferential pricing and supply the current reduction in their business as outlined in the application would not have occurred.

As an extension to this we would like to advise the ADC that the applicant is an importer of copper tubing from Korea as well. Therefore the applicants own imports may be a decisive factor in determining the causal link between the matters outline in the application.

If the applicant is utilising their own facilities and own production to the fullest why would they be importing copper tubing from Korea?

See below a picture of a current copper tube with the applicant's name stamped on the tube along with reference to ROK being the country code for Korea.



HLGF/QR80345

浙江铜加工研究院有限公司检测中心

试验报告单

报告编号:	5			样品批号	
送样单位	品保部	样品牌号		检测日期	2020.6.2
样品规格	试样	样品状态		备注	
检测项目	单位	1	2		
硬度	HV5/30	89.7	97.1		
以下空白					

送样者: 赵钦柯

报告者: 陈梦霞

Whilst our client is of the opinion there has not been any dumping of product from their supplier [REDACTED], which will be included in their separate submission, the issue of a causal link between the claims made by the applicant and the imports [REDACTED] are further outlined below.

Causal link to alleged injury:

There are a number of factors the Commission must investigate into the causal link alleged by the application in relation to the import of certain copper tubing. My client is unable to outline any of the facts or contentions in relation to the imports [REDACTED] however we will address the matters as they relate to imports [REDACTED] and the industry in general.

We have attached an independent report [REDACTED] which provides an overview of the industry as it stood between 2014 and 2019. This report provides a detailed analysis which goes into substantial depth in relation to the supply of copper tubing including challenges for this industry.

The Commission outlined in its report confirmation from the applicant in relation to the increase in costs for local utilities at their current plant and there can be no doubt that the increase has been substantial over this time.

The report from I [REDACTED] outlines that the industry as a whole, in relation to copper tubing, has been contracting due to a number of factors not the least being the changing in requirements around industries using the certain copper tubes.



The construction and plumbing industries have been moving away from the higher cost copper tubing. The industries have been able to substitute plastic tubes and fittings into areas where copper tubing would normally have been used.

This has caused a substantial effect on the sales of copper tubing in these industries. Not only has the volume of sales reduced but the price of copper tubing to these industries was required to be adjusted to be competitive with the plastic substitute.

The causal effect of this industry driven change is that the market for copper tubing has contracted and the price point for copper tubing has also contracted. These effects cannot be attributed to the imports [REDACTED] but rather to market forces within Australia.

The independent report from [REDACTED] only identifies one major company in this industry being the applicant. The applicant has a monopoly on the industry and as outlined previously, has worked to impose this monopoly on the industry through pricing and supply constraints.

As a result of the actions of the applicant, including the import of copper tubing from Korea, the industry has had to seek other options to survive. This has driven the industry to investigate alternate suppliers. Therefore one of the main causal links to the list of alleged injuries outlined by the applicant has been their own approach to local businesses. Evidence can be supplied which shows the pricing and supply constraints by the applicant.

The applicant has outlined that price suppression and profit effects are also injuries to the business with a causal link to imports [REDACTED]. There is no basis for this statement. The industries utilising the copper tubing have been subject to price competition from a number of areas including but not limited to goods which can be substituted for copper piping.

Plastic tube and fittings are becoming more prominent in a number of industries and in relation to air conditioning there is also substitutable goods which have properties more conducive to that industry that has caused the price suppression on copper tubing.

The independent report outlines that [REDACTED] [REDACTED] however none of these countries are included in this action. Is the applicant stating that the imports [REDACTED] which would make up closer to [REDACTED] of the market are governing the complete price and size of the market?

Not only is this not supported by facts it would defy the normal operations of business. If the [REDACTED] were of such size and manner to control the pricing, size and shape of the market they would constitute substantially more than the quite minor percentage outlined in the independent report.

The whole industry is subject to this pricing and profit pressures and not just the applicant. The causal effect on the reduced pricing and profit are from indicators outside of the imports [REDACTED] [REDACTED]. Further evidence of this is the applicant importing copper tubing from Korea. Would the applicant be imported dump goods against their own manufactured product? If they were this would be counterproductive to the request for assistance from the ADC.



As the ADC rightfully points out there are a number of contributing factors to the increase in costs to manufacturers which would also have an effect on the profitability of manufacturing these goods. The cost of copper, the movement in the USD, the cost of labour and the cost of utilities are all factors which have reduced the profitability of the local manufacturer.

The ADC and associated laws are not in place to provide protection to local industries that are inefficient or not viable on a global stage. It is our contention that the imports [REDACTED] has not caused, or threatened to cause, material injury to the applicant and that matters outside of these imports should be further investigated.

Ultimately we request the ADC terminate the investigation into imports [REDACTED] or alternatively confirm they will exempt the supplies [REDACTED] from any imposition of dumping and/or countervailing duties.

Should you require any further information please do not hesitate to contact me.

Thanks & Regards

Brett Greedy

Director of Operations.