



COMPLETE PLUMBING SOLUTIONS

22 June 2021

Dear Sir,

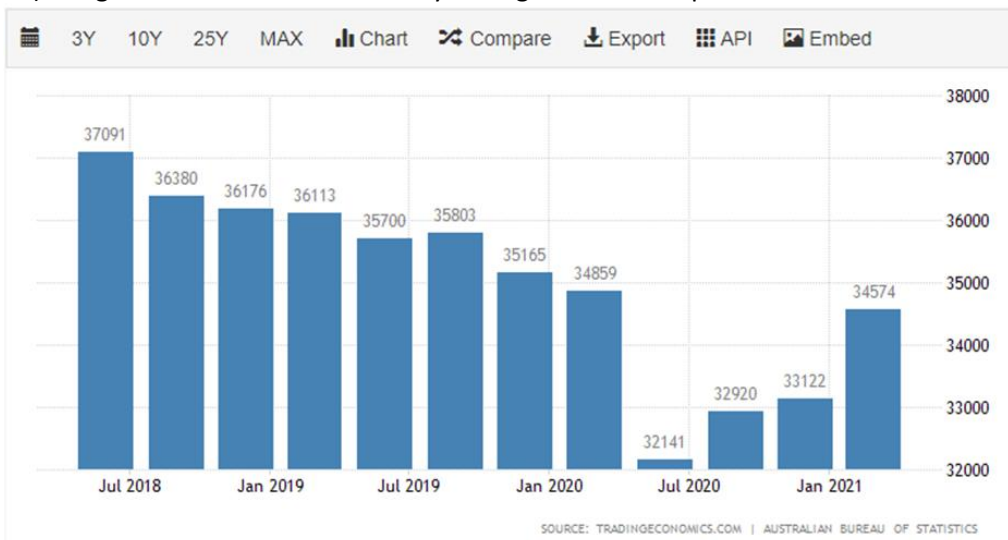
**Re: 557 Investigation – Dumping and Subsidisation of Copper tube from China, Korea**

I write to you to express our concerns with the forementioned investigation and the direction in which it appears to be heading. We are a relatively small wholesaler that imports and sells copper tube to SME independent plumbing & hardware merchants who are either unable to import themselves or source their requirement from the applicant at pricing that enables them to be competitive. As such we play an important role in ensuring both choice and competition is in place for all merchants regardless of size or location.

We have 3 key concerns:

1. We note that the applicant submitted a document titled CBSA Copper Tube Statement of Reason. I presume that this is some type of attempt to establish a precedent, albeit in another jurisdiction. On the surface, this appears to be relevant. However, there is one significant difference. The Canadian merchant still has choice as to where they can source supply of copper tube. Should the outcome of this investigation be in favour of the applicant, there will be no such choice in the Australian market. The imposition of any tariffs or duties, regardless of how small, on the importation of nominated tube sizes will simply destroy the viability of all current alternative suppliers. The resultant monopoly the applicant would have on this core range of sizes will have a dramatic and severe impact on many small to medium size businesses.

2. We also note that the applicant is claiming that a decline in both volumes and profit from 2016/17 to 2019/20 is a result of the supposed dumping and subsidisation of Copper tube from China, Korea. We strongly dispute this claim.  
Firstly, with regards to volumes, the decline they have been experiencing appears to be in line with (or not as bad as) the general construction industry during much of this period:



Source: <https://tradingeconomics.com/australia/gdp-from-construction>

Proudly Supplying:



With regard to a decline in profits, is it more than a coincidence that this also seems be in line with a decline in the \$AUD from high \$USD0.70's to low \$USD0.60's? This decline equated to an approximate 22% increase in the landed cost of imported goods and commodities such as copper. The applicant, like all Australian businesses who deal in \$USD, would have seen "sell price" adjustment lag impacting profitability significantly.



Source: <https://au.finance.yahoo.com/quote/AUDUSD=X?p=AUDUSD=X>

To claim decline on volumes and profit is due to the supposed dumping and subsidisation of Copper tube from China, Korea during this period is fanciful at best especially given that smaller, independent businesses have been importing from these two countries prior to this period for many years without any issue and Hailiang only entering the market in late 2019.

- 3. Like many other interested parties, we find the expediency being applied by applicant with regards to imports vexing. On one hand, they are quite prepared to import plumbing tubes that they have deemed too difficult to manufacture locally from China and/or Korea, (and enjoy far better rates than smaller importers due their much larger volumes). Yet on the other hand, they cry foul when challenged by SME merchants/wholesalers that have the temerity to either offer or seek alternative channels of supply.

In concluding, it needs to be said that a viable and diverse network of independent wholesalers and merchants is critical if healthy competition is to be maintained in a market. An outcome of this in favour of the applicant will result in a further erosion of this network with the consumer being the ultimate loser.

Your Faithfully  
  
Stephen McBride  
Managing Director