



30 November 2014

Committee Secretary
House of Representatives Standing Committee on Agriculture and Industry
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Sir or Madam

SUBMISSION OF THE AUSTRALIAN CABLEMAKERS ASSOCIATION TO THE STANDING COMMITTEE ON AGRICULTURE AND INDUSTRY

The Australian Cablemakers Association Limited (**ACA**) welcomes the opportunity to make a submission to the Standing Committee on Agriculture and Industry's *Inquiry into Australia's anti-circumvention framework in relation to anti-dumping measures*.

The ACA was established to support and grow the Australian cable manufacturing industry and to promote safety in the community. Currently, the ACA represents the following Australian manufacturers of electrical cable products – Nexans Olex, Prysmian Group, Advance Cables, Australia Pacific Electric Cables, Tycab Australia, Triangle Cable and Bambach Wires & Cables.

Members of the ACA, are aware of the current Australian Anti-dumping Commission investigation into the alleged dumping of certain PVC flat electric cables (**electric cables**) exported from China, following the lodgement of an application by ACA member, Nexans Olex. This application was supported by other ACA members, and it is in this context that the ACA has resolved to make this submission to ensure, that in the event anti-dumping measures are imposed with respect to electric cables, that such measures are indeed enforceable and effective in relieving the Australian industry of the material economic injury it is suffering.

The ACA understands from Nexans Olex, that in framing its application, the risk of circumvention by exporters and importers was central to its definition of the goods the subject of the application. In this regard, the ACA notes the following possible circumvention activities with respect to electric cables:

1. Wilfully mis-describing the exported goods on commercial documents with a view to not declaring the consignment as subject to anti-dumping measures.
2. Distorting the line values of different goods within commercial documents, so that, even though the overall invoice value remains the same, the goods the subject of anti-dumping measures are either:
 - a. Over-valued in order to maximise a full repayment of duty paid under the Final Duty Assessment process pursuant to section 269Y of the *Customs Act*;
 - b. Under-valued, in circumstances where *ad valorem* duties have been imposed; and

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- c. Over-valued in order to improve the chances of a reduced individual dumping rates in the context of a variable factors review, following the expiration of 12 months of the imposition of the duties.
3. Off-invoice discounts, rebates and commissions, which inflate the declared export value, but nevertheless result in a reduced net export price to the importer, that is then passed on to the market.
4. Changes to country of origin, whereby goods are 'entered' into the commerce of a third country by the exporter subject to anti-dumping measures (i.e. warehoused), before being shipped from that third country to Australia.

The anti-circumvention inquiry provisions recently enacted into Australia's anti-dumping legislation, can only go so far to address the negative effects of circumvention activities by exporters and importers. The ACA believes that a proactive approach is required by the Anti-dumping Commission, and the trade facilitation function of the Australian Customs and Border Protection Service, to create a framework of alerts, audits, compliance activities, investigations and enforcement actions. Some of this framework may be user-initiated, as envisaged by the anti-circumvention inquiry process, but a very large part of this framework should be initiated by the responsible agencies as a result of import activities, including value and volume intelligence and targeted audit/compliance exercises.

Further, the ACA believes that some of the circumvention activities identified above, may be addressed by improved pro-active and responsive policy and practice developments by the Australian Anti-dumping Commission.

For example, in response to paragraphs 2 & 3, above, improved guidelines around the use of a deductive export price would help address these problems. Further, the greater use of hybrid measures (i.e. not just *ad valorem* duties), would ensure that export prices are not manipulated to offset the effects of the anti-dumping measures.

In terms of paragraphs 1 & 4, above, the ACA, agrees that Australian industry members are an important partner in the anti-circumvention inquiry process. However, the market based intelligence available to the Australian industry is usually a lag indicator of circumvention activity by importers and exporters. Instead, the ACA encourages the Australian Customs and Border Protection Service and the Anti-dumping Commission to develop guidelines for the identification of consignments, at the point of entry, that warrant closer scrutiny in terms of anti-dumping measures compliance.



In summary, the ACA is acutely aware of the injurious effects of dumped exports. Not only does it imperil the viability of world-class cable manufacture in Australia, however, it also serves to destabilise the Australian market for these important goods that are critical to the building and construction industry.

Should you wish to discuss any of the views contained within this response or seek further clarification on any issue, please do not hesitate to contact me

Yours sincerely,

Andrew Davenport
Chairperson
Australian Cablemakers Association