

Allegedly dumped widgets

A Case Study

So the Australian widget manufacturing industry believes it is suffering material injury from dumped Ruritanian imports. Following assistance from the Dumping Liaison Unit the industry has prepared and lodged its application with Customs. What exactly will Customs be doing with that application?

Customs has 20 days to conduct a prima facie investigation or 'screen' the application. During this time Customs will:

- assess whether the industry's application meets the necessary criteria
- extract information on widget imports from Customs commercial database
- notify the Ruritanian government, the nearest Customs overseas post and the Department of Foreign Affairs and Trade, and
- prepare a detailed report accepting or rejecting the application.

If the application is accepted an investigation will be initiated. Importers of Ruritanian widgets and the Ruritanian exporters will be directly invited to make submissions defending the allegation of dumping, and public notification of initiation will invite any interested party to make a submission to Customs.

During the investigation Customs will:

- maintain a public file containing all submissions, reports and correspondence
- visit the local industry to verify the data contained in its application and pursue any issues identified during screening
- analyse and consider any submissions received from interested parties
- visit the importers to gather verified information on costs and sales of widgets
- visit those exporters who choose to cooperate with the investigation to gather verified information on costs and Ruritanian domestic sales of widgets
- report on each of the visits conducted, placing reports on the public file
- if there is evidence to support a preliminary affirmative determination, prepare a report and impose securities
- investigate and report on any price undertaking offered by an exporter

- by day 110 prepare the statement of essential facts on which recommendations to the Minister will be based and place it on the public file
- analyse and consider all responses to the statement of essential facts, and
- by day 155 provide the Minister with a report recommending whether or not to impose final measures.

Once the Minister has made a final decision Customs will notify all interested parties, publish the final report and impose any final measures.

Within the procedural outline mentioned above the bulk of the 155 days will be taken up by analysis of the information submitted and gathered during the investigation.

The Ruritanian exporter will be found to be dumping if it is selling widgets to Australia at a price (export price) lower than the normal value for widgets on the Ruritanian market.

Ruritanian export prices can be calculated from selling prices from the exporter to the importer or by adjusting selling prices from the importer to the Australian market. Ruritanian normal values can be calculated by making adjustments to selling prices to the Ruritanian domestic market or to a third country or by constructing a price from costs to make and sell the widgets. Sales must also be tested for profitability by comparing selling prices to costs.

Material injury analysis will primarily involve comparison of sales volumes and selling prices on the Australian market. The Australian industry will have to demonstrate that Ruritanian imports have caused it to suffer injury in any of a number of ways, including:

- loss of sales or market share
- price undercutting, depression or suppression
- loss of profits or reduced profitability, and
- loss of employment or reduced wages.

Customs will publish this analysis in its final report in the form of conclusions, the reasons for those conclusions and a statement of the evidence relied upon.

While 155 days is a very short period of time for such an investigation by world standards, Customs aims to conduct all investigations in a thorough, efficient and impartial manner.