



**Ministry of Business,
Innovation & Employment**

2013 Sunset Review

Diaries from China and Malaysia

Non-Confidential Final Report

Dumping and Countervailing Duties Act 1988

Review Report

Ministry of Business, Innovation and Employment

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Abbreviations

The following abbreviations are used in this Report:

Act	Dumping and Countervailing Duties Act 1988 (and its subsequent amendments)
Anti-dumping Agreement	World Trade Organisation Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994
Customs NZ	New Zealand Customs Service
China	The People's Republic of China
CNY	Chinese Yuan Renminbi
CIF	Cost, Insurance, Freight
Croxley	Croxley Stationery Ltd
DTP	Day to page
EBIT	Earnings Before Interest and Tax
FOB	Free on Board
kg	kilograms
Ministry	Ministry of Business, Innovation and Employment
MYR	Malaysian Ringgit
NZCS	New Zealand Customs Service
NZD	New Zealand Dollars
Oanda	www.oanda.com/converter/classic
OECD	Organisation for Economic Co-operation and Development
OEM	Original equipment manufacturing
POR(D)	Period of Review for Dumping
POR(I)	Period of Review for Injury
USD	United States Dollar

VAT	Value Added Tax
VFD	Value for Duty
WTO	World Trade Organisation
WTV	Week to view

Executive Summary

Introduction

1. A review of the anti-dumping duties that currently apply against imports of diaries from Malaysia and China was initiated by the Ministry of Business, Innovation and Employment (the Ministry) on 7 October 2012. The duties under review have been in place since 2007.

2. The goods under review are described as:

Diaries, with or without covers, excluding: diaries with steel ring binders; and wallplanners.

3. This report considers the likelihood of a continuation or recurrence of dumping causing a continuation or recurrence of material injury, should the current anti-dumping duties be removed.

4. The investigation was initiated following an application by Croxley Stationery Limited (Croxley). Croxley is the major New Zealand producer of goods "like" those imported from Malaysia and China and constitutes the New Zealand industry for the purpose of this review.

Dumping

5. Imported goods are dumped if the "export price" is less than the price they are sold for in the domestic market of the exporting country (the "normal value"). The difference is the margin of dumping and is expressed as a percentage of the export price.

6. A large number of companies exported diaries from Malaysia and China to New Zealand over the period of review for dumping. The Ministry limited its analysis to a selection of the largest exporters from each country. The selected Malaysian exporters were UPP Paper Industries Sdn. Bhd/UP International Sdn Bhd and UPA Press Sdn. Bhd. The selected Chinese exporters were Wenzhou Gangcheng Foreign Trade Co Ltd, Shenzhen Sunled Stationery & Gifts Co Ltd, Willing Horse Limited (exporting through [REDACTED]) and an unknown Chinese exporter (exporting via Artwrap Pty Ltd, Australia). Two other Chinese exporters were included in the review because the Ministry was provided with enough information from their New Zealand importers to establish separate dumping margins. These exporters were Sintex Link Ltd and Everbest Printing Co. Limited.

7. The Ministry has found that:

- 100 percent of exports of Malaysian diaries were dumped into New Zealand, at dumping margins ranging from 26 – 37 percent.
- [REDACTED] percent of exports of Chinese diaries were dumped into New Zealand. The overall dumping margin was 20 percent. Exports of diaries by Everbest Printing Co. were not dumped.

- There is likely to be a continuation of dumping of Malaysian and Chinese diaries.

Injury

8. The Ministry has found that:

- There has been an increase in the volume of imports of diaries from Malaysia and China over the period of review for injury. Furthermore, the Malaysian and Chinese diary producers appear to have capacity to increase exports to New Zealand. There are no significant barriers to entry into the New Zealand market.
- There is some evidence that Croxley's prices are currently being undercut by Malaysian and Chinese imports (even with the anti-dumping duties in place) but little evidence of price suppression and depression. There is evidence that Croxley has suffered material declines in sales volume and revenue, and profits, especially if the company's performance is analysed since 2010. However, there is little evidence that Croxley has incurred injury in terms of market share, productivity, return on investment, utilisation of production capacity, cash flow, employment and wage levels, and its ability to raise capital and investments. It needs to be borne in mind, however, that there are currently anti-dumping duties in place on Chinese and Malaysian imports to prevent injurious dumping from these sources.
- If duties are terminated, Croxley is likely to experience further undercutting by imports from Malaysia and China, resulting in material declines in sales volume and revenue, market share, and profits. Return on investments, growth, productivity, utilisation of production capacity, employment and wages and ability to raise capital are also likely to be adversely affected by decreased profit levels.
- Imports from other sources represent a significant percentage of the diary market. It is likely that imports from other sources are currently injuring the domestic industry and that this will continue.

Conclusion

9. The Ministry has concluded that if anti-dumping duties are removed there is a likelihood of dumping continuing and it would likely cause a continuation of material injury to the New Zealand industry. On this basis, the Ministry has further concluded that the anti-dumping duties should remain and a reassessment of the duties has been initiated.

1. Proceedings

1.1 Proceedings

10. On 4 October 2012 the Chief Executive of the Ministry of Business, Innovation and Employment (Ministry) received a properly documented application from Croxley Stationery Limited (Croxy) for a review of anti-dumping duties that currently apply to imports of diaries from the Peoples' Republic of China (China) and Malaysia. The Application received on 4 October was an amended version of an earlier application submitted by Croxy.

11. The anti-dumping duties that currently apply to diary imports are the result of an investigation completed in October 2007. As a result of that investigation, a number of Chinese and Malaysian exporters were assigned anti-dumping duty rates. Since 2007, separate rates of duty have been established for a number of Chinese exporters after receiving requests (supported by sufficient evidence) from these exporters for a reassessment of the duties. These particular exporters (and their New Zealand importers) were notified of the initiation of the review and provided with the opportunity to complete questionnaires. Only Everbest Printing Co Ltd's importer provided information to the Ministry.

12. On 7 October 2012, the Chief Executive of the Ministry initiated a review of the continued need for the imposition of the anti-dumping duties, pursuant to s.14(8) of the Dumping and Countervailing Duties Act 1988 ("the Act"), on being satisfied that sufficient evidence had been provided by the applicant Croxy justifying the need for the review.

13. In accordance with Article 11 of the World Trade Organisation (WTO) Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (the Anti-Dumping Agreement), the purpose of the Ministry's review is to examine whether dumping and injury would be likely to continue or recur if the duties were removed.

14. Interested parties were advised in writing of the initiation of this review and an Interim Report containing the essential facts established in the review and the conclusions reached by the Ministry was released to interested parties for comment on 27 March 2013. The comments received have been taken into account in this Final Report which includes the facts established in the review and the final conclusions reached by the Ministry.

1.2 Reviews

15. In terms of section 14(9)(a) of the Act, anti-dumping duties relating to diaries from China and Malaysia would, in the absence of a review, have ceased to apply as from 8 October 2012. The existing anti-dumping duties will continue to apply pending the outcome of this review and any reassessment that may follow it.

16. The period of review for dumping (POR(D)) is from 1 July 2011 to 30 June 2012, while the period of review into injury (POR(I)) involves an evaluation of the data

submitted by Croxley for the period 1 January 2009 to 31 December 2012 (Croxley's financial years 2009 - 2012). The Ministry has also evaluated forecast information provided by the domestic industry for 2013 and 2014 in terms of the impact on Croxley's domestic operation should the anti-dumping duties remain and should they be removed.

17. In this report, unless otherwise stated, years are years ending 30 June and dollar values are in New Zealand dollars (NZD). In tables, column totals may differ from individual figures because of rounding. The term VFD refers to value for duty for New Zealand Customs Service (Customs NZ) purposes.

1.3 Dumping and Injury for the Purposes of a Review

Ministry's Approach to Sunset Reviews

18. The Ministry carries out sunset reviews on the basis of Article 11 of the Anti-Dumping Agreement. In interpreting Article 11, the Ministry takes guidance from New Zealand legal reports, WTO Panel reports and approaches taken by other WTO member countries.

19. Article 11.3 infers a necessity to clearly demonstrate that, "...the expiry of the duty *would be likely* to lead to continuation or recurrence of dumping and injury" [emphasis added]. Some guidance regarding the interpretation of the phrase "would be likely" has been provided by the New Zealand Court of Appeal which interpreted the phrase to mean 'a real and substantial risk..., a risk that might well eventuate' (Commissioner of Police vs Ombudsman [1988] 1 NZLR 385). Guidance can also be found in WTO jurisprudence e.g. "*United States - Sunset Reviews of Anti-dumping Measures on Oil Country Tubular Goods from Argentina*"

20. For further guidance on the level of evidence that is required to meet the "would be likely" criteria of Article 11.3 of the Anti-Dumping Agreement, the Ministry also referred to the findings of the WTO panel report, *United States Anti-Dumping Duty on Dynamic Random Access Memory Semi-Conductors (DRAMs) from Korea*², and to the approaches taken by the European Union, United States, Canada and Australia to sunset reviews.

21. The Ministry notes that the consideration of whether duties should be removed does not exist in isolation but is dependent on whether the evidence shows that the expiry of duty would be likely to lead to a continuation or recurrence of dumping and injury. In determining "likelihood", it is considered that regard should be had to the timeframe within which an event may occur. Article 11.3 of the Agreement makes no

¹ Report of the Panel – United States – Sunset Reviews of Anti-Dumping Measures on Oil Country Tubular Goods from Argentina – WT/DS268/R – Circulated 16 July 2004. Report of the Appellate Body – WT/DS268/AB/R – Adopted 17 December 2004.

² Report of the Panel – United States – Anti-Dumping Duty on Dynamic Random Access Memory Semi-Conductors (DRAMs) of One Megabit or Above from Korea – WT/DS99/R – Adopted 19 March 1999.

express reference to the length of time within which a continuation or recurrence of injury has to take place.

22. Mindful of the different factors involved in each case, and taking guidance from the sources referred to above, the Ministry approaches all investigations and reviews on a case-by-case basis. Based on its interpretation of the Anti-Dumping Agreement the Ministry adopts the following general principles in considering injury in sunset reviews:

- The Ministry is required to establish whether the expiry of the anti-dumping duty would be likely to lead to a continuation or recurrence of dumping and injury.
- The test to be applied in respect of the likelihood of a continuation or recurrence of dumping and material injury is a positive one, i.e., the Ministry needs to be satisfied, based on positive evidence, that certain events are likely to occur, and that those events will cause dumping and material injury to the industry to continue or recur in the absence of anti-dumping duties.
- Interpretation of the phrase "would be likely" is guided by a court judgement referring to "a real and substantial risk..., a risk that might well eventuate".
- In considering the likelihood of injury, the Ministry may refer for guidance to provisions in the Anti-Dumping Agreement that may be helpful in assessing that likelihood and those provisions may include, if appropriate, the factors used in Article 3.7 in assessing a threat of injury. The test to be applied, however, is not that for establishing whether there is a threat of injury.
- In considering whether removal of the duty would be likely to lead to a recurrence of dumping and injury, the Ministry considers what is likely to happen in the foreseeable future. The extent to which the Ministry is able to make judgements on the likelihood of events occurring in the foreseeable future will depend on the circumstances of each case and, therefore, the foreseeable future will range from the imminent to timeframes longer than imminent.

23. To gauge the extent to which the removal of the anti-dumping duties will likely cause material injury to the domestic industry in the foreseeable future, the Ministry generally requires the domestic industry to provide projections or forecasts of the injury it considers it will suffer as a result of the removal of the duties. The Ministry will examine these projections in light of the company's past performance (with the duties in place to prevent injurious dumping) and projected future performance (both in presence and absence of the duties) in order to assist it in making either a negative or positive recurrence of injury determination. However, such an assessment is only undertaken where the information is available and is likely to be useful. In other words, there may be instances where the necessary information is not available or useful and its use may result in a degree of speculation in the decision-making process.

1.4 Grounds for the Review

24. In its application for a review, Croxley provided evidence that it will suffer a recurrence of material injury if the current anti-dumping duties are removed due to the likely significant increase in lower-priced imports of diaries from China and Malaysia. Croxley claimed that imports of Chinese and Malaysian diaries will be dumped if the anti-dumping duties are removed and that material injury to the company will recur through:

- Price undercutting; price depression; and price suppression, resulting in:
 - a decline in output and sales;
 - a decline in market share;
 - a decline in profits and return on investments;
 - a decline in utilisation of production capacity; and
 - adverse effects upon cash flow, inventories, employment and growth.

Reassessment of Anti-Dumping Duties

25. As the outcome of this review has concluded that anti-dumping duties should continue to be applied, the rate or amount of duty will now be reassessed in accordance with section 14(6) of the Act.

1.5 Interested Parties

1.5.1 New Zealand Industry

26. The application was submitted by Croxley, a manufacturer, wholesaler and distributor of stationery products, including diaries. Croxley is a limited liability company that is wholly owned by OfficeMax Incorporated Limited, a multi-national company registered in the United States of America. Croxley's ownership has not changed since 2007.

27. Croxley identified one other domestic producer of diaries in its application, K Kurtovich Products Limited (Kurtovich). While Kurtovich did not support the application, it did provide the Ministry with its current production volume of diaries, which enabled both the total domestic production and market size of diaries in New Zealand to be calculated. It also enabled the Ministry to establish that Croxley currently represents approximately 85 percent of local production.

28. The Ministry is satisfied in terms of section 3A of the Act that Croxley's output constitutes a major proportion of the New Zealand production of like goods and, therefore, that the company can constitute the New Zealand industry for the purpose of this review.

1.5.2 Exporters and Importers

MALAYSIA

Exporters

29. Due to the large number of companies identified as being exporters of the subject goods from Malaysia to New Zealand over the POR(D), the Ministry limited its analysis to a selection of exporters, as permitted by paragraph 10 of Article 6 of the Anti-dumping Agreement. The selected exporters were UPP Paper Industries Sdn. Bhd/UP International Sdn Bhd (exporting through [REDACTED]) and UPA Press Sdn. Bhd. which represented [REDACTED] percent of Malaysian diary exports for the year ending 30 June 2012.

UPP Paper Industries Sdn. Bhd/UP International Sdn. Bhd

30. UP International Sdn Bhd is the export arm of UPP Paper Industries Sdn. Bhd which manufactures OEM paper based stationery products such as notepads and scrapbooks. UP International exported [REDACTED] of diaries to [REDACTED] (through [REDACTED]) in New Zealand over the POR(D). UP International provided an incomplete response to the Ministry's Foreign Manufacturers questionnaire and some follow-up information.

UPA Press Sdn. Bhd.

31. UPA Press sells diaries to [REDACTED] ([REDACTED]) in New Zealand. The company exported a number of shipments to New Zealand over the POR(D) but the Ministry did not receive a response to the Ministry's Foreign Manufacturers Questionnaire.

Importers

32. A large number of companies were identified as being importers of the subject goods from Malaysia to New Zealand over the POR(D) and each of these importers was notified that the Ministry had initiated a review of the anti-dumping duties. Limited information has been provided by importers themselves. A brief synopsis of the activities of the Malaysian importers, from the selected exporters, is set out below.

RD1 Limited

33. Over the POR(D) RD1 Limited imported diaries from [REDACTED] via [REDACTED]. RD1 Limited did not provide a response to the Ministry's Importers Questionnaire.

NGT Diaries NZ Limited

34. Over the POR(D), NGT Diaries NZ imported diaries from [REDACTED]. NGT Diaries NZ is principally a selling organisation with sales and production work undertaken on its behalf by its Australian partnership. All diaries sold by the

company in New Zealand are made to customers' orders (both design and quantity), and therefore the company does not hold stock in New Zealand for the purpose of fulfilling random orders. NGT Diaries NZ provided a response to the Ministry's Importers Questionnaire, including copies of invoices from its Malaysian supplier, and a response to the Ministry's Interim Report.

CHINA

Exporters

35. Due to the large number of companies identified as being exporters of the subject goods to New Zealand from China over the POR(D), the Ministry limited its analysis to a selection of exporters, as permitted by paragraph 10 of Article 6 of the Anti-dumping Agreement. The selected exporters were Wenzhou Gangcheng Foreign Trade Co Ltd, Shenzhen Sunled Stationery & Gifts Co Ltd, Willing Horse Limited (exporting through [REDACTED]) and an unknown Chinese exporter (exporting via Artwrap Pty Ltd, Australia). These exporters represented [REDACTED] percent of Chinese diary exports for the year ending 30 June 2012. Two other Chinese exporters were included in the review because the Ministry was provided with enough information from their New Zealand importers to warrant establishing separate dumping margins. These exporters were Sintex Link Ltd and Everbest Printing Co. Limited.

Wenzhou Gangcheng Foreign Trade Co Ltd

36. Over the POR(D), Wenzhou Gangcheng exported a single shipment containing a large number of diaries to [REDACTED], in New Zealand. From the Customs NZ data it would appear that the diaries are low value stock diaries. The Ministry did not receive a response from Wenzhou Gangcheng to the Ministry's Foreign Manufacturers Questionnaire.

Shenzhen Sunled Stationery & Gifts Co Ltd

37. Over the POR(D), Shenzhen Sunled exported a number of shipments of diaries to [REDACTED], in New Zealand. The Ministry received a limited response to its Foreign Manufacturers Questionnaire from Shenzhen Sunled but was provided with no details of the individual transactions.

Willing Horse Limited (exporting through [REDACTED])

Over the POR(D), Willing Horse Limited exported a number of shipments of diaries to [REDACTED], in New Zealand. The shipments were made through [REDACTED]. The Ministry did not receive a response from Willing Horse to the Ministry's Foreign Manufacturers Questionnaire.

Artwrap Pty Ltd

38. Over the POR(D), Artwrap Pty Ltd, Australia exported [REDACTED] of diaries to [REDACTED], in New Zealand. Artwrap sourced its diaries from China but was not willing to provide the Ministry with the name of its supplier. The Ministry did not receive a response from either Artwrap or its Chinese supplier to the Ministry's Foreign Manufacturers Questionnaire.

Sintex Link Limited

39. Sintex Link Ltd was not included in the Ministry's selection of exporters of Chinese diaries to New Zealand over the POR(D). However, its New Zealand importer, [REDACTED], provided detailed information on its imports of diaries from Sintex over the POR(D).

Everbest Printing Co. Limited

40. Everbest was not included in the Ministry's selection of exporters of Chinese diaries to New Zealand over the POR(D). However, one of its New Zealand importers, [REDACTED], provided detailed information on its imports of diaries from Everbest over the POR(D).

Importers

41. A large number of companies were identified as being importers of the subject goods from China to New Zealand over the POR(D) and each of these importers was notified that the Ministry had initiated a review of the anti-dumping duties. Very little information has been provided by importers themselves. A brief synopsis of the activities of the importers, from the selected exporters, is set out below.

The 123 Mart Limited

42. Over the POR(D), The 123 Mart Limited imported diaries from [REDACTED]. The 123 Mart Limited did not provide a response to the Ministry's Importers Questionnaire.

Kimbyr Investments Ltd

43. Over the POR(D), Kimbyr Investments Ltd imported diaries from [REDACTED]. Kimbyr Investments Ltd did not provide a response to the Ministry's Importers Questionnaire.

Cotton On Clothing (New Zealand) Ltd

Over the POR(D), Cotton On Clothing (New Zealand) Ltd imported diaries from [REDACTED] via [REDACTED]. Cotton On Clothing (New Zealand) Ltd did not provide a response to the Ministry's Importers Questionnaire.

Vipet Holdings Ltd

44. Over the POR(D), Vipet Holding Ltd imported diaries from [REDACTED]. Vipet Holdings Ltd did not provide a response to the Ministry's Importers Questionnaire.

NGT Diaries NZ Limited

45. Over the POR(D), NGT Diaries NZ imported diaries [REDACTED]. NGT Diaries NZ provided a response to the Ministry's Importers Questionnaire, including copies of invoices from [REDACTED].

McCormack Studio Gallery

46. Over the POR(D), McCormack Studio Gallery imported diaries from [REDACTED]. McCormack Studio Gallery provided detailed information on its imports of diaries from [REDACTED] over the POR(D).

1.6 Imported Goods

47. The goods which are the subject of the anti-dumping duty, hereinafter referred to as diaries from China and Malaysia are:

Diaries, with or without covers, excluding: diaries with steel ring binders; and wallplanners.

48. The above description includes diary refills including that which could replace the pages of a diary in a steel ring binder which is normally referred to as a day planner or organiser.

49. The diaries subject to review are classified under tariff item and statistical key 4820.10.00 02J. Diaries from all countries enter New Zealand free of normal customs duty.

50. During the current review, the Ministry considered whether there were certain types of diaries that should or could be excluded from the description of goods subject to the duty. This was on the basis that anti-dumping duties should not be imposed on imports if they were clearly not causing the domestic industry injury. Certain types of designer or fashion diaries were mentioned in this context.

51. In response to the release of the Interim Report, NGT Diaries NZ Ltd noted that 'promotional' diaries should also be included in this category. The company stated that these are diaries made to order, for companies in New Zealand, for use as promotional tools. They are specifically designed with special covers and information/advertising pages unique to the particular company/industry concerned. According to NGT Diaries NZ Ltd, these diaries, unlike the rest of the diaries in the New Zealand market, are not destined for the retail sector, but are given away to staff or customers to promote sales and/or loyalty to a particular company. Also, unlike diaries destined for the retail sector (which are produced 'on spec'), promotional diaries are made in volumes specified by the particular company. In

other words, each production run is costed on the customer's specific requirements, the price is quoted accordingly and then the diaries are 'made to order'. NGT Diaries NZ Ltd also claimed that promotional diaries would be much easier for NZ Customs to identify at the border, than it would be for designer and fashion diaries. The company provided photographs of promotional diaries to illustrate the 'customization' involved in producing them; that they are specifically designed to meet the customer's requirements; and that it would not be difficult for NZ Customs to create a code into which these duties would fall for duty purposes.

52. Croxley stated to the Ministry that it did not support the exclusions proposed by the Ministry in view of the fact that NZ Customs presently did not appear to be experiencing difficulties in the classification of diaries and that it would be extremely difficult for NZ Customs to monitor the goods at the border, if certain diaries were excluded from the imposition of measures. Kurtovich (the other domestic producer) expressed concern that excluding certain diaries from the imposition of anti-dumping duties would allow companies to muddy the water by importing diaries which have been deliberately manufactured to include a feature which would bring the diary outside the goods description but which still compete directly with, and cause injury, to the domestic producers. According to the company, this would be a threat to the entire diary manufacturing industry in New Zealand.

53. In response to the interim report, Croxley requested that the goods description be amended to include diaries containing a written record of daily/weekly/yearly events, appointments, reference material and observations and also that the imported diaries be limited to a certain height, width, number of pages and binding requirements. The amended description also included certain exclusions that differ from the exclusions in the current wording. It was not clear if the request from Croxley was provided in the context of the Ministry's suggestion that certain types of diaries could possibly be excluded from the measures on the basis that they were not causing the domestic industry injury. For instance, Croxley provided no reason why it thought the description needed to change to that proposed by it and it was unclear from the amended description whether or not it was likely to accomplish the aim of excluding diaries which were not injuring the New Zealand industry.

Conclusion on the description of the Imported Goods

54. In respect of Croxley's request for the Ministry to amend the goods description along the lines described in the paragraph above, the Ministry considers it unclear whether the amended goods description would expand or reduce the goods which are subject to the anti-dumping duty. This is important as a goods description cannot be expanded through a review. Furthermore, Croxley's request for an amendment to the goods description was raised at a late stage of the review (and after the Interim Report had been released). As a result, the Ministry has had little time to consider the likely consequences of the proposed amendment nor have interested parties been provided with the opportunity to comment on the change. On this basis, the Ministry does not consider the goods description should be changed along the lines suggested by Croxley.

55. In terms of excluding from the description of goods certain diaries which are not causing injury to the domestic industry, the Ministry considers that excluding such

goods from the goods definition is likely to be problematic. For instance, the wording of any exclusion would need to be not so wide as to exclude diaries which shouldn't be excluded and not so narrow as to make it ineffective. The exclusion would also need to be sufficiently precise as to be capable of being enforced at the border by Customs New Zealand. While NGT Diaries NZ Ltd has suggested that, in its opinion, it would not be difficult for NZ Customs to create a code into which promotional duties would fall for duty purposes, the Ministry has doubts about this possibility and specifically whether NZ Customs could enforce anti-dumping duties if they were applied to a limited range of diaries within the current goods description. In any event, the exclusion could only relate to those diaries which are not competing with and causing injury to the domestic industry. In this respect, the promotional diaries referred to by NGT Diaries NZ Ltd serve the same function and usage as the corporate diaries produced by the New Zealand industry and which the New Zealand industry claims will be adversely affected if the current anti-dumping duties are removed. This fact alone indicates to the Ministry that the promotional diaries referred to by NGT Diaries NZ Ltd, while not being identical in form and appearance to the corporate diaries produced by the New Zealand industry, are "like" goods and therefore should not be exempt for anti-dumping duties.

56. For the reasons set out above, the Ministry considers that an exclusion for certain types of fashion or designer diaries would be unworkable. However, it has been concluded in this review that the anti-dumping duties should be maintained, as and such they need to be reassessed. In the reassessment of the duties the Ministry will give consideration to setting an anti-dumping mechanism which would prevent the collection of duties on imports of diaries above a certain bench mark or threshold value.

1.7 Exchange Rates

57. Article 2.4.1 of the Anti-Dumping Agreement provides as follows:

When the comparison under paragraph 4 requires a conversion of currencies such conversion should be made using the rate of exchange on the date of sale⁸, provided that when a sale of foreign currency on forward markets is directly linked to the export sale involved, the rate of exchange in the forward sale shall be used. Fluctuations in exchange rates shall be ignored and in an investigation the authorities shall allow exporters at least 60 days to have adjusted their export prices to reflect sustained movements in exchange rates during the period of investigation.

⁸ Normally, the date of sale would be the date of contract, purchase order, order confirmation, or invoice, whichever establishes the material terms of sale.

58. Chinese and Malaysian producers and exporters involved in the review invoiced in both US and New Zealand dollars and transactions on the Chinese and Malaysian domestic markets were in Renminbi (CNY) and Ringgit (MYR). Where the companies provided the invoice dates of their exports to New Zealand the Ministry has used these dates as the date of sale and applied an exchange rate applicable at that date. In instances where invoices were not obtained by the Ministry it has used the Customs NZ date of import as the date of sale and applied an exchange rate applicable at that date.

1.8 Provision of Information

59. The Ministry makes available all non-confidential information to any interested party through its public file system, in accordance with Section 10(6)(b) of the Act.

60. A verification visit was carried out at Croxley's premises to verify the information supplied by the company in its Application for a Review and its response to the Ministry's Request for Further Information. A copy of the verification report relating to the company visit was provided to the company and a non-confidential version was placed on the Public File.

61. A number of Chinese and Malaysia exporters provided only limited responses to the Ministry's Foreign Manufacturers Questionnaire and the information was, where possible, used in the review and in the compilation of this report. However, no verification (or on-the-spot) visits to these companies were made by the Ministry because it was considered the information provided did not warrant such a visit.

62. Section 6 of the Act states that:

- (1) Where the [Chief Executive] is satisfied that sufficient information has not been furnished or is not available to enable the export price of goods to be ascertained under section 4 of this Act, or the normal value of goods to be ascertained under section 5 of this Act, the normal value or export price, as the case may be, shall be such amount as is determined by the [Chief Executive] having regard to all available information.

63. Article 6.8 of the Anti-Dumping Agreement provides as follows:

In cases in which any interested party refuses access to, or otherwise does not provide, necessary information within a reasonable period or significantly impedes the investigation, preliminary and final determinations, affirmative or negative, may be made on the basis of the facts available. The provisions of Annex II shall be observed in the application of this paragraph.

64. Information was requested, but not received to the extent required from a number of foreign exporters and importers. As noted above, where possible, the information that was provided has been used by the Ministry. However, some of the findings in this report, relating to these companies, have been made having regard to all available information, that is, on the basis of the best information available in accordance with section 6 of the Act and Article 6.8 and Annex II of the Anti-Dumping Agreement. The information relied on by the Ministry is detailed in the relevant sections in this report.

2. New Zealand Industry

65. Section 3A of the Act provides the definition of “industry”:

3A. Meaning of “industry”—For the purposes of this Act, the term “industry”, in relation to any goods, means—

- (a) The New Zealand producers of like goods; or
- (b) Such New Zealand producers of like goods whose collective output constitutes a major proportion of the New Zealand production of like goods.

“Like goods” is defined in section 3 of the Act:

“Like goods”, in relation to any goods, means—

- (a) Other goods that are like those goods in all respects; or
- (b) In the absence of goods referred to in paragraph (a) of this definition, goods which have characteristics closely resembling those goods:

2.1 Like Goods

66. In order to establish the existence and extent of the New Zealand industry for the purposes of an investigation into whether the injury would be likely to continue or recur if the anti-dumping duties were removed or varied, and having identified the subject goods, it is necessary to determine whether there are New Zealand producers of goods which are like those goods in all respects, and if not, whether there are New Zealand producers of other goods which have characteristics closely resembling the subject goods. The subject goods are defined in section 1.6 above.

67. In identifying which goods the New Zealand industry produces which are like the diaries imported from China and Malaysia, the Ministry considers physical characteristics, function and usage, pricing structures, marketing and any other relevant considerations, with no one of these factors being necessarily determinative. Croxley produces a number of different types of diaries ranging from hardcover, case-bound diaries where the covers may be plain or have a design/picture embossed on them to diaries which have gold edging, and ribbon dividers and covers consisting of leather, leatherette, polyvinyl chloride (PVC) or Polypropylene (PP). The diaries may be wire-o, spiral bound, case bound (sewn) or refills on their own.

68. Croxley considered that the diaries it manufactures are differentiated from the other hard covered stationery it produces by the date information printed within, which makes the diaries primary purpose a time keeping journal. Consequently the diary has a combination of days/dates/weeks or times printed on the page or at a minimum, a space for the date to be inserted. A wide range of information can be printed in a diary including calendars, international holidays, global time information,

air sectors, time differences, contact numbers, and information on local authorities, airports and shipping.

69. While Croxley does not consider its diaries are like in all respects to the imported diaries, it does consider its diaries have characteristics closely resembling the imported diaries from China and Malaysia.

70. Since the 2007 investigation, Croxley has [REDACTED] number of Stock Keeping Units (SKUs) which it considers fit within the description of the subject goods. The company has [REDACTED] new products since 2007. However, the company noted that there has recently been a notable [REDACTED] diaries due to the technology alternatives now available. However, this has been balanced by an increased [REDACTED] diaries through the retail sector. According to the company, many people are now using both technology and standard diaries in tandem.

71. In the original investigation, the Ministry was satisfied that Croxley produced like goods to the subject goods. The production methods were similar in terms of the types of machinery required although there was not a high level of technology involved. The age of machinery, the speed and the labour content may have varied but the diaries still followed much the same sequence and method of production. The function and usage of a diary was essentially the same no matter what company (imported or local) manufactured it. There were differences in style and design and prices, but the diaries competed directly with each other. There were quite distinct market segments such as the corporate, business and wholesale/retail markets but Croxley competed in all of these segments with the imported diaries from China and Malaysia.

72. The Ministry has reviewed whether there has been a change in the type of diaries produced by Croxley, since the original investigation, which would lead to a change in the conclusions reached in the like goods analysis. The Ministry has been provided with no new information that would have it conclude that the like goods analysis should be changed.

73. Therefore on the basis of the information available, the Ministry considers that the diaries produced by Croxley are goods that closely resemble the subject goods and concludes that the company is producing like goods to the subject goods being imported from China and Malaysia.

2.2 Imports of Diaries

74. Table 3.1 below shows historical import volumes of diaries into New Zealand (numbers of diaries). The figures have been sourced from NZCS data that covers the goods imported into New Zealand under the tariff item and statistical key shown in paragraph 48 above. Domestic production figures have been included in the table to show the entire domestic market size for diaries and to provide a basis upon which changes in dumped and non-dumped import volumes can be compared with changes in the entire domestic market size for diaries:

Table 3:1: Imports of Diaries (units)
(Calendar years)

	2009	2010	2011	2012
China	214,815	228,821	240,032	221,515
Malaysia	91,581	155,951	134,008	198,272
Imports from other countries	1,062,255	946,359	1,043,081	807,439
NZ Industry Sales *				
NZ Market				

* Includes both Croxley and K Kurtovich sales figures. K Kurtovich provided its sales figures for 2012 which the Ministry has used to estimate total NZ industry sales from 2009 – 2011.

75. The figures in Table 3.1 show that while import volumes of diaries from all sources decreased by 15 percent since 2009, imports from China increased by three percent while imports from Malaysia more than doubled. Imports from other sources have decreased by almost a quarter over the same period. Imports from Korea remain by far the largest source of imported diaries (representing approximately 27 percent of total imports), although these volumes have decreased by over a third since 2009. The Ministry also notes that while imports from China and Malaysia increased over the period, they are still significantly below the import volumes from both countries in 2007 (the duties were imposed with effect from February 2008).

3. Dumping Investigation

76. Dumping is defined in section 3(1) of the Act and occurs when an exporter sells goods to New Zealand at a price lower than they sell the same or similar goods in their country. In essence dumping is price discrimination between an export and domestic market. Section 3(1) of the Act states:

“Dumping”, in relation to goods, means the situation where the export price of goods imported into New Zealand or intended to be imported into New Zealand is less than the normal value of the goods as determined in accordance with the provisions of this Act, and ‘dumped’ has a corresponding meaning:”

3.1 Purpose of Review of Dumping

77. The general principles concerning the Ministry’s approach to sunset reviews are set out in section 1 of this report. A sunset review is intended to determine whether the expiry of the existing anti-dumping duties after five years would likely lead to a continuation or recurrence of dumping and injury and therefore whether there is a continued need for the imposition of anti-dumping duties.

78. In respect of dumping, the Ministry has followed its usual approach of establishing if diaries from China and Malaysia are currently being dumped into New Zealand, the extent of any dumping and then analysing whether there is a likelihood of a continuation or recurrence of dumping, if the anti-dumping duties were to be removed.

3.2 Ministry’s Approach to Likelihood of Continuation or Recurrence of Dumping

3.2.1 Introduction

79. Article 2.4.2 requires that the existence of margins of dumping shall normally be established on the basis of a comparison of a weighted average normal value with a weighted average of prices of all comparable export transactions or by a comparison of normal value and export prices on a transaction-to-transaction basis. The Ministry determines which comparison method it will use based on the circumstances of each case.

3.2.2 Methodology/Review Process

80. Over the POR(D) there were a large number of Chinese and Malaysian exporters identified as having exported diaries. The Ministry did not consider it practicable to determine a margin of dumping for each exporter. The Ministry has therefore limited its examination in terms of Article 6.10 of the Agreement to the largest percentage of the volume of exports that which could reasonably be investigated (see section 1.5.2 above). The Ministry invited these exporters to participate in the investigation and to provide a response to its Exporters Questionnaire and Foreign Manufacturer’s Questionnaire (if the exporters were also manufacturers).

81. The Ministry received limited information from some of the Chinese and Malaysian exporters/producers in this selection but not enough information to warrant on-the-spot (or verification) visits taking place at the premises of these companies.

82. The Ministry also received detailed information from the New Zealand importer, [REDACTED], on its imports of diaries from Sintex Link Ltd, a Chinese exporter not included in the original selection, over the POR(D). This information included invoices showing the particular types of diaries exported by Sintex and prices charged. This information has enabled the Ministry to calculate export prices for Sintex.

83. The Ministry calculated an individual dumping margin for one further Chinese exporter not included in the original selection, Everbest Printing Co. Ltd., because [REDACTED], an importer of Everbest's diaries over the POR(D), provided the Ministry with information (including invoiced prices) on Everbest's diaries. This information enabled the Ministry to calculate a dumping margin for Everbest.

84. Because of the lack of information on export prices provided by the four Chinese exporters in the Ministry's selection of exporters of diaries from China over the POR(D), Sintex's export price information is considered to be the best information available on export prices (for the other four Chinese exporters) in terms of Section 6 of the Act and Article 6.8 of the Anti-dumping Agreement. Section 6 and Article 6.8 enable the Ministry to make preliminary and final determinations on the basis of the facts available when an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period of time. Sintex's information was preferred over Everbest's information because Sintex exported a greater number of diary types and sizes to New Zealand (than Everbest) and because its diaries were more likely to be comparable to those of the exporters in the selection.

85. In respect of each of the Malaysian and Chinese exporters selected for investigation there are significant variations in the types, sizes and prices of diaries under review. Therefore, the Ministry considers that the fairest comparison of export prices and normal values would be achieved through the use of the transaction-to-transaction methodology. This basis of comparison involves selecting an appropriate domestic transaction value (or when no suitable domestic transactions exist, constructing a domestic transaction value) for comparison with each export transaction value.

86. The export prices and normal values have been compared at the ex-factory level, which is the preferred point of comparison under Article 2.4 of the Anti-Dumping Agreement, as a comparison at this point removes any differences in downstream costs from the dumping calculation.

87. To arrive at ex-factory values for each of the foreign manufacturers, the Ministry has made a number of deductions from the base normal values and export prices and adjustments have also been made to ensure a fair comparison between sales of

diaries for domestic consumption in Malaysia and China and that exported to New Zealand.

88. To calculate an overall dumping margin for each producer, the Ministry has multiplied the export price and the normal value of each transaction by the export volume of that transaction. The resulting export price and normal value amounts were summed and the total export price was subtracted from the total normal value and the difference, when calculated as a percentage of the total export price, was the overall dumping margin for each exporter. If the export price was lower than the normal value for a manufacturer, the goods were considered to be dumped.

Croxley's Submission on the Interim Report

89. Croxley stated that it does not agree with the methodology the Ministry has used to calculate dumping margins. In essence, by simply summing all product volumes together in an overall "bucket" for analysis, Croxley considers this methodology does not account for specific product types subject to dumping, and distorts the actual dumping behaviour at a product type level.

90. Croxley considers the method that was used in 2007 to be fairer to all parties involved, as this methodology allowed for an analysis of each individual export transaction to determine dumping duty for a majority of the Chinese and Malaysian manufacturers. Croxley requested that the Ministry apply the methodology used in 2007.

Ministry's Response to Croxley's Submission

91. The Ministry's practice in 2007 was to determine a margin of dumping for each transaction and to establish the volume of dumped imports on the basis of whether each transaction was dumped. In 2007 the Ministry established a dumping margin for each exporter for their exports of diaries as a whole rather than for categories of diaries.

92. However, the Ministry's current methodology has been refined based on developments in the rulings by the WTO Appellate Body. In *Softwood Lumber, Article 21.5*³, the Appellate Body stated "Article 2.4.2 [of the Agreement] does not permit an investigating authority, when aggregating the results of transaction-specific comparisons, to disregard transactions in which export price exceeds normal value." That is, calculating a dumping margin on the basis of dumped transactions only is inconsistent with the rulings of the Appellate Body.

93. In addition, the Appellate Body has stated that dumping and margins of dumping can be found to exist "only in relation to that product as defined by the investigating authority" and that "they cannot be found to exist for only a type, model, or category

³ US – Final Dumping Determination on Softwood Lumber from Canada. Recourse to Article 21.5 of the DSU by Canada (WT/DS264/AB/RW, August 2006).

of that product,⁴ nor, under any comparison methodology, can dumping and margins of dumping be found to exist at the level of an individual transaction. That is, margins of dumping cannot be found to exist for only a category of the product being investigated (a margin must be found for the product as a whole), nor can a dumping margin be found for a single transaction.

94. In *US – Final Anti-Dumping Measures on Stainless Steel from Mexico*⁵, the Appellate Body also commented that “‘dumping’ and ‘margin of dumping’ are exporter specific concepts” and that “an individual margin of dumping is to be established for each investigated exporter”.

95. On the basis of the above, when aggregating the results of individual transactions to calculate a margin of dumping for each exporter, all transactions are to be included in the aggregation calculation; that is, transactions where the export price is higher than the normal value are offset against transactions where the export price is lower than the normal value. If the dumping margin calculated on this basis is greater than *de minimis*, then all imports from the exporter are counted as dumped. Conversely, if the dumping margin is *de minimis* then all imports are counted as non-dumped.

96. The Ministry considers that the methodology used in this review is consistent with WTO jurisprudence.

97. The following paragraphs provide a detailed explanation of how export prices and normal values have been established for each of the Malaysian and Chinese diary producers selected above.

3.3 Export Prices

98. Export prices are determined in accordance with section 4 of the Act. Export prices are the prices at which diaries are exported from the country of export to New Zealand, that are arm's length transactions, adjusted to allow a fair comparison with the prices of diaries sold in the exporting country, as required by section 4 of the Act.

99. The adjustments to allow for fair comparison of prices relate to the costs, charges and expenses incurred in preparing the goods for shipment to New Zealand which are additional to those costs, charges and expenses generally incurred on sales for home consumption in the country of export and costs, charges and expenses resulting from the exporting of goods arising after shipment from the country of export.

100. The following paragraphs provide an analysis of export prices for the Malaysian and Chinese diary manufacturers.

⁴ US – Measures Related to Zeroing and Sunset Reviews (WT/DS322/SB/R, January 2007)

⁵ US – Final Anti-Dumping Measure on Stainless Steel from Mexico (WT/DS344/AB/R, April 2008)

MALAYSIA

3.3.1 UPP Paper Industries Sdn Bhd/ UP International Sdn Bhd

Introduction

101. UPP Paper Industries Sdn. Bhd produces customised diaries for UP International Sdn Bhd which UP International exports to [REDACTED] in New Zealand through [REDACTED]. UP International Sdn Bhd is effectively the export trading arm of UPP Paper Industries Sdn. Bhd and therefore the Ministry did not consider it was appropriate to deduct an amount for any margin achieved on sales between the two companies. The Ministry received a limited response to its Foreign Manufacturers Questionnaire from UP International concerning its export volumes and prices to New Zealand, including an invoice detailing the price charged for the one particular type of corporate diary exported to New Zealand during the POR(D) and some shipping costs.

102. The [REDACTED] made by UP International to New Zealand was made on an FOB basis. UP International invoiced [REDACTED] in USD while [REDACTED] invoiced [REDACTED] in NZD. The currency conversion (from USD to MYR) was made using the interbank exchange rate obtained from www.oanda.com at the date the transaction was invoiced.

103. The invoice date of each export shipment to New Zealand is considered by the Ministry to establish the material terms of sale and the date from which UP International's credit terms commence.

Base Prices

104. The FOB value of the export sale by UP International, in USD, has been taken to be the base price.

Adjustments

Handling, Loading and Ancillary Expenses

105. These expenses cover all costs between ex-factory and loading the goods onto the ship for export to New Zealand, i.e. to FOB, and include transportation, port handling charges and documentation fees. An adjustment for these costs has been made on the basis of information provided by UP International in its questionnaire response.

Export Price Calculation

106. UP International's export price for the one particular type of diary shipped to New Zealand over the POR(D) was calculated by deducting from the FOB invoiced base prices the adjustments outlined above. The ex-factory export price calculated was MYR [REDACTED] per diary.

3.3.2 UPA Press Sdn. Bhd.

Introduction

107. UPA Press sells diaries to [REDACTED] in New Zealand. The Ministry received no information from UPA Press concerning its export prices to New Zealand although [REDACTED] provided the Ministry with copies of invoices from UPA Press and detailed information on the types, sizes and prices of diaries it had purchased from UPA Press during the POR(D).

108. UPA Press' exports to New Zealand were invoiced in USD and made on an FOB basis shipped from Port Klang, Malaysia. The currency conversion (from USD to MYR) has been made for each shipment using the interbank exchange rate obtained from www.oanda.com at the date each transaction was invoiced. The invoice date of each export shipment to New Zealand is considered by the Ministry to establish the material terms of sale.

Base Prices

109. The FOB value of each export sale by UPA Press, in USD has been taken to be the base price.

Adjustments

Handling, Loading and Ancillary Expenses

110. These expenses cover all costs between ex-factory and loading the goods onto the ship for export to New Zealand, i.e. to FOB, and include transportation, port handling charges and documentation fees. Because neither UPA Press [REDACTED] provided information on these costs and expenses, an adjustment has been made on the basis of the information provided by UP International (see above).

Export Price Calculation

111. UPA Press' export prices for diaries have been calculated by deducting from the FOB invoiced base prices the adjustments outlined above. Ex-factory export prices range from MYR [REDACTED] (for a Slimline pocket diary) to [REDACTED] (for a A4 Slimline day-to-page diary) per diary.

CHINA

3.3.3 Sintex Link Ltd

Introduction

112. Sintex Link Ltd was not included in the Ministry's selection of exporters of Chinese diaries to New Zealand over the POR(D). However, its New Zealand importer, [REDACTED], provided detailed information on its imports of diaries

from Sintex over the POR(D), including invoices showing the particular types of diaries exported by Sintex and prices charged. This information has enabled the Ministry to calculate export prices for Sintex.

113. The shipments made by Sintex to New Zealand were made on an FOB basis. The currency conversion (from USD to CNY) has been made for each shipment using the interbank exchange rate obtained from www.oanda.com at the date each transaction was invoiced. The invoice date of each export shipment to New Zealand is considered by the Ministry to establish the material terms of sale.

Base Prices

114. The FOB value of the export transactions by Sintex, in USD, has been taken to be the base price.

Adjustments

Handling, Loading and Ancillary Expenses

115. These expenses cover all costs between ex-factory and loading the goods onto the ship for export to New Zealand, i.e. to FOB, and include transportation, port handling charges and documentation fees. Because neither Sintex nor [REDACTED] provided information on these costs and expenses, an adjustment has been made on the basis of the information provided by the New Zealand industry in its Application for a review. The costs provided in the Application relate to a 20' container from ex-factory in China (Shenzhen) to HK port of export and include container loading charges and customs clearance charges.

Export Price Calculation

116. Sintex's export prices for diaries have been calculated by deducting from the FOB invoiced base prices the adjustments outlined above. Ex-factory export prices ranged from CNY [REDACTED] (for a week to view PU pocket diary) to CNY [REDACTED] (for a A5 day-to-page leather casebound diary) per diary.

3.3.4 Wenzhou Gangcheng Foreign Trade Co Ltd

Introduction

117. Wenzhou exported a single shipment containing a large number of diaries to [REDACTED], in New Zealand over the POR(D). Neither Wenzhou nor [REDACTED] provided details of this shipment. It is therefore not known what type of diaries make up this shipment or their per unit prices. From the Customs NZ data it would appear that the diaries are low value stock diaries aimed at the lower-end of the New Zealand market.

118. In view of the lack of information supplied by both Wenzhou and [REDACTED], the Ministry has based export prices on detailed information supplied by [REDACTED], a New Zealand importer which sources diaries from Sintex Link Ltd (Sintex). [REDACTED] provided detailed information on its imports of

diaries from Sintex over the POR(D), including invoices showing the particular types of diaries exported by Sintex and prices charged.

119. The Ministry considered that this was the best information available on export prices (for Wenzhou) in terms of Section 6 of the Act. Section 6 enables the Ministry to make preliminary and final determinations on the basis of the facts available when an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period of time.

Base Prices

120. The FOB value of the export transactions by Sintex, in USD, has been taken to be the base price.

Adjustments

Handling, Loading and Ancillary Expenses

121. An adjustment for handling, loading and ancillary expenses has been made on the same basis as that outlined for Sintex in paragraph 115 above.

Export Price Calculation

122. Wenzhou's export prices have been calculated by deducting from the FOB invoiced base prices the adjustments outlined above. Ex-factory export prices are consequently the same as those for Sintex, as outlined in paragraph 116 above.

3.3.5 Shenzhen Sunled Stationery & Gifts Co. Ltd

Introduction

123. Shenzhen Sunled exported a number of shipments of diaries to [REDACTED] in New Zealand, over the POR(D). The Ministry received a limited response to its Foreign Manufacturers Questionnaire from Shenzhen Sunled but neither Shenzhen Sunled nor [REDACTED] provided details of their individual transactions. It was therefore not possible to establish the types of diaries exported or their per unit prices.

124. In view of the lack of information supplied by both Shenzhen Sunled and [REDACTED], the Ministry has based export prices on detailed information supplied by [REDACTED] on its imports in the same manner as outlined in section 3.3.4 above. The Ministry considered this was the best information available on export prices (for Shenzhen Sunled) in terms of Section 6 of the Act.

Base Prices

125. The FOB value of the export transactions from Sintex, in USD, has been taken to be the base price.

Adjustments

Handling, Loading and Ancillary Expenses

126. An adjustment for handling, loading and ancillary expenses has been made on the same basis as that outlined for Sintex in paragraph 115 above.

Export Price Calculation

127. Shenzhen Sunled's export prices have been calculated by deducting from the FOB invoiced base prices the adjustments outlined above. Ex-factory export prices are consequently the same as those for Sintex, as outlined in paragraph 116 above.

3.3.6 Willing Horse Limited

Introduction

128. Willing Horse Limited exported a number of shipments of diaries to [REDACTED] in New Zealand, over the POR(D). The shipments were made through [REDACTED]. None of these companies cooperated with the Ministry by providing details of their shipments. It was therefore not possible to establish the types of diaries exported or their per unit prices.

129. In view of the lack of information supplied by Willing Horse, [REDACTED] and [REDACTED], the Ministry has based export prices on detailed information supplied by [REDACTED] on its imports in the same manner as outlined in section 3.3.4 above. The Ministry considered this was the best information available on export prices (for Willing Horse) in terms of Section 6 of the Act.

Base Prices

130. The FOB value of the export transactions from Sintex, in USD, has been taken to be the base price.

Adjustments

Handling, Loading and Ancillary Expenses

131. An adjustment for handling, loading and ancillary expenses has been made on the same basis as that outlined for Sintex in paragraph 115 above.

Export Price Calculation

132. Willing Horse's export prices have been calculated by deducting from the FOB invoiced base prices the adjustments outlined above. Ex-factory export prices are consequently the same as those for Sintex, as outlined in paragraph 116 above.

3.3.7 Artwrap Pty Ltd

Introduction

133. Artwrap Pty Ltd exported [REDACTED] of diaries to [REDACTED] in New Zealand, over the POR(D). Artwrap sourced its diaries from China but was not willing to provide the Ministry with the name of its supplier. Neither Artwrap nor [REDACTED] cooperated with the Ministry by providing details of their shipments. It was therefore not possible to establish the types of diaries exported or their per unit prices.

134. In view of the lack of information supplied by Artwrap and [REDACTED], the Ministry has based export prices on detailed information supplied [REDACTED] on its imports in the same manner as outlined in section 3.3.4 above. The Ministry considered this was the best information available on export prices (for Artwrap) in terms of Section 6 of the Act.

Base Prices

135. The FOB value of the export transactions from Sintex, in USD, has been taken to be the base price.

Adjustments

Handling, Loading and Ancillary Expenses

136. An adjustment for handling, loading and ancillary expenses has been made on the same basis as that outlined for Sintex in paragraph 115 above.

Export Price Calculation

137. Artwrap's export prices for diaries have been calculated by deducting from the FOB invoiced base prices the adjustments outlined above. Ex-factory export prices are consequently the same as those for Sintex, as outlined in paragraph 116 above.

3.3.8 Everbest Printing Co. Ltd

Introduction

138. Everbest was not included in the Ministry's selection of exporters of Chinese diaries to New Zealand over the POR(D) but was provided with a Foreign Manufacturers Questionnaire to complete. While the company did not complete the questionnaire, one of its New Zealand importers, [REDACTED], provided the Ministry with detailed information on its purchase of diaries from Everbest over the POR(D), including the type of diary and the price paid per unit. This information has enabled the Ministry to calculate an export price for Everbest.

Base Prices

139. Everbest invoices [REDACTED] on a CIF basis. Therefore, the CIF value of the export transaction by Everbest, in NZD, has been taken to be the base price. The currency conversion (from NZD to CNY) was made using the interbank exchange rate obtained from www.oanda.com.

Adjustments

Overseas Insurance and Freight

140. Amounts for overseas insurance and freight were deducted from the CIF value of the shipment to derive an FOB value.

Handling, Loading and Ancillary Expenses

141. An adjustment for handling, loading and ancillary expenses has been made on the same basis as that outlined for Sintex in paragraph 115 above.

Export Price Calculation

142. Everbest's export price for its shipment of diaries to [REDACTED] has been calculated by deducting from the CIF base price the adjustments outlined above. An ex-factory export price of CNY [REDACTED] (for an A5 week per view diary) per diary was established.

3.4 Normal Values

3.4.1 Introduction

143. Normal values are determined in accordance with section 5 of the Act. The normal value is usually the price at which the Malaysian and Chinese manufacturers sell diaries in their domestic markets. The types of sales that can be used to determine normal values are set out in section 5 of the Act, which can generally be described as arm's length sales of like goods in the ordinary course of trade for home consumption in the country of export, in this case Malaysia and China.

144. In the absence of relevant and suitable sales in the ordinary course of trade, normal values can be constructed on the basis of the sum of cost of production and, on the assumption that the goods had been sold for home consumption in the ordinary course of trade in Malaysia and China, reasonable amounts for administrative and selling costs and other costs incurred in the sale, and a rate of profit normally realised on sales of goods of the same general category in the Malaysian and Chinese domestic markets.

145. Section 5(3) of the Act requires that in order to effect a fair comparison the normal value and export price shall be compared at the same level of trade, in respect of sales made at nearly as possible to the same time and with due allowance for differences that affect price comparability.

146. In the review none of the Chinese and only one Malaysian producer provided information on normal values, therefore, the Ministry based the Malaysian and Chinese normal values on the best information available in terms of Section 6 of the Act. The following paragraphs provide an analysis of the normal values for the Malaysian and Chinese diary manufacturers, established by the Ministry on the basis of the best information available.

MALAYSIA

3.4.2 UPP Paper Industries Sdn Bhd/UP International Sdn Bhd

Introduction

147. UP International provided a limited response to the Ministry's Foreign Manufacturers Questionnaire but no information on the domestic selling arrangements of UPP Paper Industries, such as the types of diaries it sold in Malaysia and the per unit prices achieved. However, the company did provide some cost of production information, including material costs, direct labour and overhead expenses and packaging costs.

148. Due to the lack of information provided on domestic market selling prices, the Ministry has determined normal values under section 6 of the Act having regard to all available information. The Ministry considered using normal values from the 2007 investigation updated by the Malaysian producer price index (PPI) to reflect current values. However, because the diary exported by UP International to New Zealand over the POR(D) (for which a normal value needs to be established) is manufactured specific to a particular New Zealand customer and contains pictures, it was difficult to match an equivalent domestic diary for which a normal value was established in 2007.

149. The Ministry has consequently based the normal value on the cost of production information provided by UP International in its response to the Ministry's Foreign Manufacturers questionnaire plus the following:

- (a) an amount for financing costs;
- (b) an amount for selling and administration expenses that would have been incurred if the product had been sold on the Malaysian domestic market; and
- (c) An amount for profit having regard to the rate of profit normally realised on sales on the Malaysian domestic market of the same type of goods.

150. UP International did not provide information on financing costs and selling and administration expenses in its questionnaire response. Therefore, the Ministry has sourced amounts for these items from a concurrent review into the continued need for anti-dumping duties on certain bound stationery (CBS) products. In the CBS review the Ministry constructed a normal value for Chee Wah, a Malaysian stationery manufacturer, using financing costs and selling and administration expenses provided by Chee Wah and verified at a visit to the company's premises in Malaysia. The Ministry has used the proportion that these financing costs and selling and

administration expenses represent of the costs of production in its calculation of a normal value for UPP Paper Industries in the diaries review.

151. In order to establish a reasonable amount for profit on UPP Paper Industries' domestic sales of diaries, the Ministry has sourced a profit amount from the 2007 review into diaries. The profit amount was that used to construct a normal value for Olympia Diary (M) Sdn. Bhd. At the time of the 2007 review, the Ministry sourced information showing that the company expected certain percentage mark-ups on certain volumes of sales. For the purpose of establishing a reasonable profit margin for UPP Paper Industries' domestic sales of diaries in the 2013 review, the Ministry chose the percentage mark-up which most closely reflected the volume of sales exported to New Zealand over the POR(D). The mark-up chosen was 10 percent.

Base Prices

152. The constructed normal value for the A5 hardcover day-to-page diary, equivalent to the diary exported to New Zealand, is MYR 1.50 per diary.

Adjustments

153. Because the normal value established for UPP Paper Industries is a constructed normal value, the Ministry does not consider that any adjustments are required to this normal value in order to allow a fair comparison with the export price to New Zealand.

Normal Value Calculation

154. The ex-factory constructed normal value established for the A5 hardcover day-to-page diary is MYR 1.50 per diary.

3.4.3 UPA Press Sdn. Bhd.

Introduction

155. The Ministry received no information from UPA Press Sdn. Bhd. concerning its domestic market selling prices in Malaysia. Due to the lack of information provided on domestic market selling prices, the Ministry has determined normal values under section 6 of the Act having regard to all available information. The Ministry has consequently based normal values on normal values established in the 2007 investigation, updated by the Malaysian producer price index (PPI)⁶ to reflect current values. From 2006 (the dumping investigation period in the 2007 investigation) to August 2011 (the invoice date of UPA Press' export sales to New Zealand), the PPI specifically relating to the manufacture of paper and paper products increased by 16 percent.

⁶ Malaysian Department of Statistics – Online Publications – PPI, Malaysia, June 2012. (<http://www.statistics.gov.my>).

156. Because UPA Press was involved in the 2007 investigation, the Ministry used normal values relating to this company to establish normal values in the current review. The Ministry could only use the normal values established in 2007 for the same types and sizes of diaries exported by UPA Press over the POR(D), in this review. The particular diaries for which a comparison was possible are the A5 casebound, week-to-view diary and the A5 casebound, day-to-page diary (UPA Press exported 11 types of diaries to New Zealand over the POR(D)).

Base Prices

157. The normal value established in 2007 for the A5 hardcover day-to-page diary was MYR [REDACTED] per diary. The normal value established in 2007 for the A5 hardcover week-to-view diary was MYR [REDACTED] per diary. Updated to August 2011, by the Malaysian PPI, the normal values for these diaries are MYR [REDACTED] and MYR [REDACTED] per diary, respectively.

Adjustments

158. Because the 2007 normal values for the A5 hardcover day-to-page diary and the A5 hardcover week-to-view diary were constructed normal values, the Ministry does not consider that any adjustments are required to these normal values in order to allow a fair comparison with the export prices to New Zealand.

Normal Value Calculation

159. The ex-factory normal values established for the A5 hardcover day-to-page diary and the A5 hardcover week-to-view diary are MYR [REDACTED] per diary and MYR [REDACTED] per diary, respectively.

CHINA

3.4.4 Sintex Link Ltd

Introduction

160. As noted in paragraph 112 above, Sintex was not included in the Ministry's original selection of exporters of Chinese diaries to New Zealand over the POR(D). As such the Ministry did not obtain normal value information for the company.

161. In the absence of information on Sintex's normal values, the Ministry has determined normal values under section 6 of the Act having regard to all available information. The Ministry has consequently updated normal values relating to Olympia Diary Guangzhou Ltd because this company was the only Chinese producer in the 2007 investigation which provided the Ministry with its normal values. These values were updated by the Chinese producer price index (PPI)⁷ to reflect

⁷ International Monetary Fund (IMF), Data and Statistics, International Financial Statistics (IFS) (<http://www.imf.org/external/data.htm>).

current values. From July 2006 (the mid-point in the dumping investigation period in the 2007 investigation) to July 2011, the Chinese PPI increased by 16.5 percent.

162. Sintex exported a number of types and sizes of diaries to New Zealand for which there were no normal values established in the 2007 investigation. Of the 18 types of diaries under review exported by Sintex to New Zealand over the POR(D), the Ministry was able to match only five types of diaries with similar types for which normal values were established in the 2007 investigation.

Base Prices

163. The normal values established in 2007 ranged from CNY [REDACTED] per diary (for a A6 wire-bound week-to-view diary) to CNY [REDACTED] per diary (for a portfolio day-to-page PVC diary). Updated to July 2011 by the Chinese PPI, the normal values range from CNY [REDACTED] to CNY [REDACTED] per diary.

Adjustments

164. Because the 2007 normal values were constructed, the Ministry does not consider that any adjustments are required in order to allow a fair comparison with the export prices to New Zealand.

Normal Values

165. The normal values established on the basis set out above range from CNY [REDACTED] per diary (for a A6 wire-bound week-to-view diary) to CNY [REDACTED] per diary (for a portfolio day-to-page PVC diary).

3.4.5 Wenzhou Gangcheng Foreign Trade Co Ltd

166. Wenzhou Gangcheng did not provide a response to the Ministry's Foreign Manufacturers Questionnaire. As noted above under export price, it was not possible to establish the type of diaries exported by Wenzhou or their unit prices. Export prices were therefore determined on the basis of the prices of the diaries exported by Sintex.

167. In the absence of information from Wenzhou Gangcheng the Ministry has determined normal values under section 6 of the Act having regard to all available information. The Ministry has consequently determined normal values on the same basis and for the same diary types as for Sintex as outlined in section 3.4.4 above. The normal values are therefore the same as those established for Sintex as shown in paragraph 165 above.

3.4.6 Shenzhen Sunled Stationery & Gifts Co. Ltd

168. The Ministry received a limited response to its Foreign Manufacturers Questionnaire from Shenzhen Sunled but the company did not provide any details of normal values. As noted above under export price, it was not possible to establish the type of diaries exported by Shenzhen Sunled or their unit prices. Export prices

were therefore determined on the basis of the prices of the diaries exported by Sintex.

169. In the absence of information from Shenzhen Sunled the Ministry has determined normal values under section 6 of the Act having regard to all available information. The Ministry has consequently determined normal values on the same basis and for the same diary types as for Sintex as outlined in section 3.4.4 above. The normal values are therefore the same as those established for Sintex as shown in paragraph 165 above.

3.4.7 Willing Horse Limited

170. Willing Horse did not provide a response to the Ministry's Foreign Manufacturers Questionnaire including details of normal values. As noted above under export price, it was not possible to establish the type of diaries exported by Willing Horse or their unit prices. Export prices were therefore determined on the basis of the prices of the diaries exported by Sintex.

171. In the absence of information from Willing Horse the Ministry has determined normal values under section 6 of the Act having regard to all available information. The Ministry has consequently determined normal values on the same basis and for the same diary types as for Sintex as outlined in section 3.4.4 above. The normal values are therefore the same as those established for Sintex as shown in paragraph 165 above.

3.4.8 Artwrap Pty Ltd

172. Artwrap Pty Ltd, Australia, would not provide the Ministry with the name of its Chinese supplier of diaries exported to New Zealand. Therefore, the Ministry was unable to source information on Artwrap's Chinese supplier's normal values. As noted above under export price, it was not possible to establish the type of diaries exported by Artwrap or their unit prices. Export prices were therefore determined on the basis of the prices of the diaries exported by Sintex.

173. In the absence of information from Artwrap the Ministry has determined normal values under section 6 of the Act having regard to all available information. The Ministry has consequently determined normal values on the same basis and for the same diary types as for Sintex as outlined in section 3.4.4 above. The normal values are therefore the same as those established for Sintex as shown in paragraph 165 above.

3.4.9 Everbest Printing Co. Ltd

Introduction

174. As noted in paragraph 138 above, Everbest was not included in the Ministry's original selection of exporters of Chinese diaries to New Zealand over the POR(D) but was provided with a Foreign Manufacturers Questionnaire to complete. Because the company did not complete the questionnaire, the Ministry was unable to source information on Everbest's normal values.

175. In the absence of information on Everbest's normal values, the Ministry has determined normal values under section 6 of the Act having regard to all available information. The Ministry has consequently updated normal values relating to Olympia Diary Guangzhou Ltd because this company was the only Chinese producer involved in the 2007 investigation which provided the Ministry with its normal values. The particular domestic model of diary chosen by the Ministry to compare with Everbest's A5 week per view diary exported to [REDACTED] was a portfolio executive diary. This was considered to be the closest type of diary to the exported diary. The normal value for this diary type was updated by the Chinese producer price index (PPI)⁸ to reflect current values. From July 2006 (the mid-point in the dumping investigation period in the 2007 investigation) to July 2011, the Chinese PPI increased by 16.5 percent.

Base Price

176. The normal value established in 2007 for the portfolio executive diary was CNY [REDACTED] per diary. Updated to July 2011, by the Chinese PPI, the normal value for this diary is CNY [REDACTED].

Adjustments

177. Because the 2007 normal value was a constructed normal values, the Ministry does not consider that any adjustments are required to the normal value in order to allow a fair comparison with the export price to New Zealand.

Normal Values

178. The normal value established on the basis set out above is CNY [REDACTED] per diary. This approach to establishing an updated normal value for Everbest is consistent with the approach the Ministry took in a 2010 reassessment of the dumping margin relating to Everbest.

3.5 Comparison of Export Price and Normal Value

179. The Ministry has compared the export prices and normal values on a transaction-to-transaction basis. This involves matching the comparable export sale to New Zealand with a sale on the Malaysian and Chinese domestic markets, or when no suitable domestic transactions exist, constructing a domestic transaction value.

180. A comparison of the export prices and normal values calculated above (including an overall dumping margin for each Malaysian and Chinese producer) results in the following dumping margins, as shown in the table below:

⁸ International Monetary Fund (IMF), Data and Statistics, International Financial Statistics (IFS) (<http://www.imf.org/external/data.htm>).

Table 3.1: Comparison of Export Prices and Normal Values

Country and Exporter	Export Price (per diary)	Normal Value (per diary)	Overall dumping margin (as % of export price)
Malaysia			
UPP Paper Industries Sdn Bhd/ UP International Sdn Bhd.	MYR ██████████	MYR ██████████	26%
UPA Press Sdn. Bhd.	MYR ██████████	MYR ██████████	37%
China			
Sintex Link Ltd	CNY ██████████ -	CNY ██████████ -	20%
Wenzhou Gangcheng Foreign Trade Co Ltd.	CNY ██████████ -	CNY ██████████ -	20%
Shenzhen Sunled Stationery & Gifts Co. Ltd.	CNY ██████████ -	CNY ██████████ -	20%
Willing Horse Ltd.	CNY ██████████ -	CNY ██████████ -	20%
Artwrap Pty Ltd.	CNY ██████████ -	CNY ██████████ -	20%
Everbest Printing Ltd.	CNY ██████████ -	CNY ██████████ -	nil

3.6 Likelihood of Continuation or Recurrence of Dumping in the Present Case

3.6.1 Introduction

181. In its application for a review, Croxley stated that the Malaysian and Chinese exporters are continuing to dump into New Zealand (even with anti-dumping duties in place). The company considered that, if anti-dumping duties were removed, dumping would continue with greater dumping margins and significantly increased import volumes.

182. In assessing the likelihood of continuation or recurrence of dumped exports to New Zealand the Ministry has considered (i) the Malaysian and Chinese domestic market situations (including prices and market growth) and (ii) current and likely future pricing of exports to New Zealand.

3.6.2 Malaysia – Likelihood of Continuation of Dumping

183. It was concluded above that the Malaysian exporters are dumping diaries into New Zealand at dumping margins ranging from 26 to 37 percent. On this basis the

focus of dumping becomes one of whether dumping is likely to continue if the duties are removed.

(i) Malaysian Domestic Market Situation

184. The Malaysian domestic market is relevant in assessing the likelihood of future dumping because prices in Malaysia set the base normal values, against which export prices are compared to establish any dumping margins.

185. In terms of the current review, no Malaysian producer commented specifically on future domestic prices in the Malaysian diaries market.

Conclusion - Malaysian Domestic Market

186. There is no evidence to suggest that Malaysian producers will raise their prices significantly in the Malaysian domestic market, in the foreseeable future.

(ii) Likely Future Pricing of Exports to New Zealand

187. When asked to comment on its export pricing intentions to New Zealand, UP International stated that FOB prices are strictly influenced by the prevailing material prices and production costs of diaries and that, if the anti-duties are removed, this would [REDACTED] on the quoted export price. The company stated that a change in duties does not have any effect on UP International's costs. While UPA Press (the other Malaysian exporter) did not provide information, its importer, [REDACTED] stated that should the anti-dumping duty be removed it did not foresee any major impact on the quantity or prices for the goods it imports from China and Malaysia.

188. Currently, *ad valorem* duties are in place on diaries from Malaysia. An *ad valorem* duty is a percentage rate duty on the value of the goods and is payable regardless of the price charged for the product. This type of duty does not provide any incentive for exporters to increase their prices while it is in place and therefore there is no reason to suppose that prices would reduce solely because the duty is removed.

Conclusion - Likely Future Pricing of Exports to New Zealand

189. Based on the Malaysian exporters' current pricing behaviour and the information above, the Ministry concludes it is not likely that they would decrease their export prices, in the absence of measures. Their current pricing behaviour would likely continue, pointing to a continuation of dumping.

Conclusion - Likelihood of Continuation of Dumping (Malaysia)

190. In assessing the likelihood of a continuation of dumping for the Malaysian exporters, the Ministry has considered their prices in the Malaysian market and their intentions regarding future pricing to New Zealand. Based on the exporters' current export prices and export pricing strategy to New Zealand, the Ministry considers that Malaysian export prices to New Zealand are likely to remain at their present levels, should the duties be removed.

191. In terms of the Malaysian exporters' domestic prices, based on available evidence on the current and future market conditions existing in the Malaysian market, the Ministry considers that domestic prices of diaries will likely remain stable in the foreseeable future.

192. On the basis of the above findings, and especially having cognisance of the fact that the Malaysian exporters are currently dumping, the Ministry concludes there is likely to be a continuation of dumping of diaries from Malaysia in the foreseeable future.

3.6.3 China - Likelihood of Continuation or Recurrence of Dumping

193. It was concluded above that Chinese exporters, with the exception of Everbest, continue to dump diaries into New Zealand at a margin of 20 percent, with anti-dumping duties in place. Everbest's diaries are currently not subject to the payment of duties because they attract a zero percent anti-dumping duty. On this basis the focus of dumping becomes one of whether dumping from the other Chinese exporters is likely to continue if the duties are removed.

(i) Chinese Domestic Market Situation

194. In the current review, no Chinese producer or exporter commented specifically on pricing of diaries in the Chinese diary market.

Conclusion - Chinese Domestic Market

195. There is no evidence to suggest that Chinese producers will raise their prices significantly in the Chinese domestic market.

(ii) Likely Future Pricing of Exports to New Zealand

196. No Chinese producer or exporter provided information on their likely pricing levels to New Zealand in the absence of anti-dumping duties. However, [REDACTED], a current importer of both Malaysian and Chinese diaries, stated that should the anti-dumping duty be removed, it did not foresee any major impact on the prices for the goods it imports from China and Malaysia.

197. Currently, *ad valorem* duties are also in place on diaries from China. For the reasons outlined in paragraph 188 above there is no reason to suppose that prices would reduce solely because the duty is removed.

Conclusion - Likely Future Pricing of Exports to New Zealand

198. Based on the Chinese producers' current prices to New Zealand, the Ministry concludes it unlikely that they would envisage decreasing their export prices to New Zealand, if the current anti-dumping duty was removed. It is more likely that the Chinese exporters would continue to price into the New Zealand market at levels similar to their current pricing levels.

Conclusion - Likelihood of Continuation or Recurrence of Dumping (China)

199. In assessing the likelihood of a continuation of dumping for the Chinese exporters, the Ministry has considered the prices in the Chinese market and the exporters' intentions regarding future pricing to New Zealand. Based on the companies' current export prices to New Zealand and available evidence on their export pricing strategies, the Ministry considers that Chinese export prices to New Zealand are likely to remain at their present levels, should the duties be removed.

200. In terms of the Chinese exporters' domestic prices, based on available evidence on the current and future market conditions existing in the Chinese market, the Ministry considers that domestic prices of diaries will likely remain stable in the foreseeable future.

201. On the basis of the above findings, and especially having cognisance of the fact that the Chinese exporters, excluding Everbest, are currently dumping, the Ministry concludes that there is a likelihood of a continuation of dumping of diaries from China in the foreseeable future.

3.7 Conclusions Relating to Dumping

202. Article 11.3 of the Anti-dumping Agreement provides that an anti-dumping duty is to be terminated unless the authorities determine that the expiry of the duty would be likely to lead to the continuation or recurrence of dumping and injury.

203. Taking into account the matters considered above in relation to the Malaysian and Chinese domestic markets and the likely export prices to New Zealand in the absence of the duty, and especially having cognisance of the fact that the Malaysian and Chinese exporters, excluding Everbest, are currently dumping, the Ministry concludes there would likely be a continuation of dumping by the Malaysian and Chinese exporters if the duty was terminated.

4. Injury Investigation

204. The original dumping investigation, conducted in 2007, found that:

- There had been an increase in the volume of dumped imports from China and Malaysia, in absolute terms and relative to New Zealand consumption and production;
- The increased volumes of dumped goods clearly had an effect on domestic prices, with Croxley experiencing significant price undercutting and also price depression and suppression, since 2003;
- The volume and price effects had resulted in Croxley incurring declines in sales volume and revenue, gross and net profits, productivity and market share. The company had also incurred an increase in inventory write-offs and an adverse impact on investments;
- The magnitude of the margin of dumping had contributed significantly to the adverse price effects suffered by Croxley;

205. On the basis of these findings, the Ministry concluded that the significant negative impact of the dumped imports had constituted material injury to the domestic diary industry.

4.1 Injury in a Review

Introduction

206. The basis for considering material injury is set out in section 8(1) of the Act. The Ministry interprets section 8 to mean that injury is to be considered in the context of the impact on the industry arising from the volume of the dumped goods and their effect on prices.

207. Section 8 of the Act also sets out a number of factors and indices which the Chief Executive shall have regard to, although noting that this is without limitation as to the matters the Chief Executive may consider. These factors and indices are considered under the relevant headings below. Furthermore, the demonstration of a causal relationship between the dumped imports and the injury, or threat thereof, must be based on an examination of all relevant evidence and any known factors other than the dumped imports, which are injuring, or threatening to injure, the domestic industry. Any injury caused or threatened by factors other than dumping must not be attributed to the dumped imports.

208. As stated in paragraph 28 above, the Ministry is satisfied that Croxley's output constitutes a major proportion of total New Zealand output in terms of section 3A of the Act, and that it can therefore constitute the New Zealand industry producing diaries for the purpose of this review.

Likelihood of Continuation or Recurrence of Injury

209. The Ministry's approach to sunset reviews is recorded in section 3.2 above. In considering the likelihood of a continuation or recurrence of injury, the Ministry has applied the general principles set out in that section. The Ministry carries out its injury analysis for reviews on the basis of Article 11 of the Anti-Dumping Agreement and section 8 of the Act. The Ministry interprets these provisions to mean that the likely continuation or recurrence of injury is to be considered in the context of the likely impact on the industry, arising from the likely volume of the dumped goods and their likely effect on prices.

210. In considering injury in a review, the Ministry examines whether the removal of the duties would be likely to lead to the continuation or recurrence of injury. If it is concluded that dumping and injury would likely continue or recur, the Ministry will undertake a reassessment of the rate or amount of duty under section 14(6) of the Act in order to establish whether the existing duty remains sufficient to remove or prevent injury, or whether a different rate of duty is necessary.

4.2 Injury Information Submitted by Croxley

Financial Information

211. In the present review the Ministry has evaluated the financial data submitted by Croxley for the period 1 January 2009 to 31 December 2012, which is also referred to as the period of review for injury (POR(I)). Croxley also provided forecast information, as outlined below.

212. Croxley provided profit and loss (P&L) summaries of its historical domestic sales of diaries for the financial years referred to in the paragraph above. For each year, Croxley's P&L summaries contained domestic sales volumes, sales revenue, costs of sales, gross profit, selling and administration and general expenses, and Earnings Before Interest and Tax (EBIT).

213. In its injury analysis, and in particular in order to calculate the level of price depression and suppression, the Ministry used Croxley's average costs and prices for its total domestic sales of diaries (for each of the company's financial years examined). While this average data does not take into account the specific effects of competition for particular types and sizes of diaries, the Ministry considers that this was the most practical and rational means of undertaking the injury analysis.

Injury Scenario Submitted by Croxley

214. Croxley has submitted that imports from China and Malaysia continue to be dumped into New Zealand. In terms of the likelihood of future recurrence of material injury, the company claims that, due to the surplus of manufacturing capacity in both countries, the effects of the removal of the duties would be a significant increase in import volumes from these sources.

215. Croxley believes that the anti-dumping remedies have been effective in counteracting dumping from Malaysia and China which has helped it maintain prices.

The result has been that the company has [REDACTED] to make employee reductions. However, Croxley has had to [REDACTED] prices for particular key diaries in order to compete with importers and maintain its market share, and to that extent it has suffered material injury.

216. Croxley has provided scenarios (backed up with financial projections/forecasts) of how it considers it will perform financially, over its next two financial years (2013 – 2014) (i) should the current anti-dumping duties remain in place; and (ii) should the current anti-dumping duties expire. These are addressed below.

Projected Performance Should the Duties Remain

217. Under this scenario, Croxley consider that sales volumes and revenue are expected to remain stable in 2013 and 2014. On this basis, the forecasts for the duties remaining are based on [REDACTED] (value and volume) and costs [REDACTED] at [REDACTED] levels. The EBIT projections over the next two financial years are reflective of the volume, price and cost projections.

Projected Performance Should Duties Expire

218. Under this scenario, Croxley stated that it would need to employ a combination of strategies for certain “at risk” diaries in order to combat the lower-priced dumped goods which would result from the absence of anti-dumping duties. ‘At risk’ diaries are what Croxley consider the most price-sensitive diaries to competition from the cheaper imports and most unlikely to survive if the anti-dumping duties are removed. They include certain stock and corporate diaries and a [REDACTED] range. Croxley’s strategy and projections in relation to these “at risk” diaries are outlined below.

(i) Private label ([REDACTED]) sales declining [REDACTED]% from the year of removal

219. After Croxley lost a Key Account to dumped diaries in 2008, it introduced a [REDACTED] range of diaries in 2010 to regain this account. Croxley claims the introduction of its range of [REDACTED] covering a number of key diaries and its reluctance to increase the price of these diaries has helped maintain sales and protect its market share from increased volumes of diaries from China and Malaysia. However, the company claims that, if the current anti-dumping duties were removed, it would no longer be able to offer competitive products and would lose these sales.

(ii) Collins diary sales to [REDACTED] by [REDACTED]% in 2013 and [REDACTED]% in 2014; sales prices [REDACTED] in the face of rising costs

220. In order to protect its “Collins” branded diaries against imports from China and Malaysia, Croxley has not increased the price of a number of key diaries ([REDACTED] and [REDACTED]) since 2009. The company claims that this has seen an erosion of profit as costs have increased over that period. The company added that each year it finds itself under pressure from customers to retain, or reduce diary prices, or risk losing business to the cheaper imports from China and Malaysia. In the absence of anti-dumping duties, the company has forecast that it will

prices for its total range of Collins diaries but that sales volumes by percent in 2013 and a further percent in 2014 as a result of increased competition from dumped diaries from China and Malaysia.

(iii) Corporate diaries sales to by % in 2013 and % in 2014; sales prices in the face of rising costs

221. In the absence of anti-dumping duties, Croxley has forecast that it will of corporate diaries but that sales volumes will by percent in 2013 and a further percent in 2014 as a result of increased competition from dumped diaries from China and Malaysia.

222. In terms of the remaining diaries (i.e. those which Croxley consider to be less "at risk" from competition from the cheaper imports and most likely to survive if the anti-dumping duties are removed), Croxley consider that sales volumes and revenue are expected to in 2013 and 2014. On this basis, the forecasts for these diaries are based on (value and volume) and costs at levels. Sales of these remaining diaries make up approximately of Croxley's total diary sales.

Ministry's Assessment of Croxley's Injury Forecasts if Anti-dumping Duties Expire

223. The Ministry has considered a number of factors to assess the reasonableness of the injury forecasts Croxley has provided for 2013 and 2014, should the duties expire.

224. The Ministry considers that whether and the extent to which Croxley is likely to suffer lost sales on particular key diaries and key accounts in the face of decreased import prices, will primarily depend on:

- (i) The extent to which the exporters are willing to decrease their prices to New Zealand, in the absence of anti-dumping duties, and
- (ii) The amount of cost-savings New Zealand importers will incur as a result of not having to pay anti-dumping duties; and
- (iii) The amount by which the importers are willing to pass on any cost-savings to their customers in New Zealand in the form of decreased prices; and
- (iv) The amount by which Croxley would lose sales of key diaries to key accounts as a result of the lower-priced imports especially if it was to look to in the face of rising production costs for diaries.

225. The first of the above contingencies is likely to be affected by the type of anti-dumping duty currently imposed on imports from China and Malaysia because this will affect the extent to which the Chinese and Malaysia exporters have both the incentive and desire to decrease their prices to their New Zealand customers.

226. Both Chinese and Malaysian imports are subject to varying *ad valorem* duty rates ranging from 12 to 164 percent. However, unlike other methods of imposing anti-dumping duties, the imposition of an *ad valorem* duty rate presupposes no material change in price by the foreign exporter to the New Zealand importer as a result of the duty being imposed and if the duty is later rescinded. In other words, there is no real incentive for the pricing behaviour of the exporter to change significantly post-imposition of the measures because there will always be a duty paid on the goods whether or not their value increases or decreases. On this basis, it follows that a reduction in export prices to the New Zealand importers is not likely solely because of the removal of the anti-dumping duty.

227. The issue in the present case, therefore, is to what extent the New Zealand importers have an incentive to pass on any cost savings as a result of not having to pay anti-dumping duties, and to what extent Croxley would lose sales of key diaries to key accounts as a result of the lower-priced imports especially if it was to look to [REDACTED] in the face of rising production costs for diaries.

228. Very little information has been supplied by the New Zealand importers of Chinese and Malaysian diaries regarding the extent to which they would look to pass on any cost savings as a result of not having to pay anti-dumping duties. However, it can be expected that if importers no longer have to pay anti-dumping duty on imported diaries, they would look to take advantage of these cost savings by passing them on to their New Zealand customers in the form of lower prices, in order to make greater sales. The extent to which importers are likely to lower their prices to take advantage to not having to pay anti-dumping duty is open to debate but it is certainly reasonable to expect that they would look to pass on at least part of the costs savings.

229. One importer who did make a submission, [REDACTED], stated that price and customer service are the principle factors influencing market demand. The company observed that, to the extent that pricing in the market reflects the impact of the duty, should the duty be removed, some prices may reduce.

230. Croxley consider that if the anti-dumping duties are removed, it is not unreasonable to consider that the imported prices of key private label Chinese and Malaysian diaries sold to certain key accounts will drop to the price Korean diaries are being sold at. The company noted that, for such diaries, there had been a noticeable shift to South Korea as the source of supply as its diaries were being undercut by imports from South Korea, illustrated by it losing certain tenders to South Korean imports. The company considered that, if the anti-dumping duties were removed on Chinese and Malaysian imports, these diaries would be imported at prices similar to those at which the South Korean imports are currently entering the country.

231. To illustrate the above, and more specifically to illustrate that it would lose private label sales to Chinese and Malaysian imports if the duties were to expire, Croxley noted that, in 2011, it lost both the [REDACTED] business and the [REDACTED] branded tender to diaries imported from South Korea. While the [REDACTED] tender was regained in 2012 (for 2013 diaries), the company explained that many importers who had previously imported diaries from China were now

looking elsewhere for a supply line that was not affected by anti-dumping duties. The biggest benefactor was South Korea from where the [REDACTED] brand diaries are now imported and also diaries stocked by the [REDACTED].

232. The Ministry considers the above information provides a convincing argument for concluding the following:

- New Zealand importers of Chinese and Malaysian diaries would likely look to take advantage of not having to pay anti-dumping duty by passing on these cost savings to their New Zealand customers in the form of lower prices, in order to make greater sales;
- Chinese and Malaysian diary prices are likely to drop to the levels currently achieved by South Korean imports;
- The lower Chinese and Malaysian prices are likely to be such that Croxley, by [REDACTED] in the face of increased production costs, will incur lost sales to the lower-priced Chinese and Malaysian imports in the same manner that it has recently lost sales to the South Korean imports;
- While it is unlikely that Croxley will lose [REDACTED] percent of its private label sales to the cheaper Chinese and Malaysian imports (at least not in the timeframes proposed by the company), it is reasonable to conclude that the company will suffer significant losses which will extend to "Collins" and corporate diaries;

233. In view of the above and, in particular, in considering the likely impact of the removal of the duties, the Ministry has consequently used the forecasts provided by Croxley in its assessment of the extent to which the company is likely to suffer a recurrence of material injury should the duties expire, and over what time period.

4.3 Import Volume Effects

Import Volumes

234. Section 8(2)(a) of the Act provides that the Chief Executive shall have regard to the extent to which there has been or is likely to be a significant increase in the volume of imports of dumped or subsidised goods either in absolute terms or in relation to production or consumption in New Zealand.

235. Table 5.1 below shows import volumes of diaries from all sources compared with the New Zealand industry's sales volume. The figures are for the calendar years 2009 to 2012 and are in units (numbers of diaries):

Table 5.1: Import Volumes of Diaries
(Calendar years)

	2009	2010	2011	2012
Dumped Imports	304,116	383,692	371,398	416,356
Non-dumped imports (all sources)	1,064,535	947,439	1,045,723	810,870

Total Imports	1,368,651	1,331,131	1,417,121	1,227,226
NZ Industry Sales*				
NZ Market				
As % of Consumption:				
Dumped Imports				
Imports from Other Countries				
NZ Industry Sales				
As % of NZ Industry Sales:				
Dumped Imports				
Imports from Other Countries				
Change on Previous Year:				
Dumped Imports	-	79,576	(12,294)	44,958
Imports from Other Countries	-	(117,096)	98,284	(234,854)
Total Imports	-	(37,520)	85,990	(189,895)
NZ Industry Sales	-			
NZ Market	-			
% Change:				
Dumped Imports	-	26%	(3%)	12%
Imports from Other Countries	-	(11%)	10%	(22%)
Total Imports	-	(3%)	6%	(13%)
NZ Industry Sales	-			
NZ Market	-			

* Sales by Croxley only.

236. Table 5.1 shows that the volume of dumped imports of diaries from China and Malaysia has increased in absolute terms since 2009 (by approximately 37 percent). Dumped imports have also increased over the period relative to New Zealand production and consumption. For instance, in 2009 dumped imports represented 12 percent of the total market (and 26 percent of the domestic industry's sales) but in 2012 they had increased to 12 percent of the total market (and 26 percent of the domestic industry's sales). While the volume of imports from countries other than China and Malaysia decreased over the period (by a similar amount to which dumped imports increased in volume), they still hold a significant share of the market (22 percent).

Likely Import Volumes Should Duties Expire

237. The likelihood of a recurrence of significant volumes of dumped imports sufficient to cause material injury to the industry, should the anti-dumping duties expire, is related to factors such as:

- the price advantage (in the absence of duties) which such imports may hold;

- the capacity of the Chinese and Malaysian industries to substantially increase exports to New Zealand;
- the ease of entry into the New Zealand market;
- the ability of importers to handle a significant increase in imports from China and Malaysia;
- the ease of distribution of goods into New Zealand; and
- any other factors which may be relevant.

Price Advantage of Imports (in the Absence of Duties)

238. Croxley claim that the removal of the current anti-dumping duties on Chinese and Malaysian diaries would allow importers to drop their prices resulting in considerable price pressure on domestic prices. The company said it [REDACTED] would lose considerable sales as a result.

239. The price undercutting analysis in section 4.4 below shows that, based on the information gathered during the review, there is [REDACTED] evidence the Chinese and Malaysian imports are undercutting the prices of Croxley's diaries but this appears to be limited to certain situations where specific tenders have been lost. This would be expected as anti-dumping duties are currently in place and Croxley has acknowledged that the duties are acting to level the playing field in terms of Chinese and Malaysian imports in that there is [REDACTED] price undercutting occurring. However, the price undercutting exercise analysis also concludes that if the anti-dumping duty was removed, there is likely to be significant price undercutting resulting from importers passing on the cost-savings from not having to pay the duties, in lower prices to their customers.

Conclusion

240. The Ministry concludes that, if anti-dumping duties are removed, it is likely that Chinese and Malaysian imports will hold a significant price advantage over the domestically-produced goods which will provide a clear incentive for those importers to significantly increase their volume of importations into New Zealand in the foreseeable future.

Capacity of the Chinese and Malaysian producers to substantially increase exports to New Zealand

241. To substantiate its claim that both China and Malaysia have the manufacturing capacity to substantially increase exports to New Zealand, Croxley provided the Ministry with extracts from a market research report⁹ on the 2011 import and export

⁹ The 2011 Import and Export Market for Registers, Books (Account, Note, Order and Receipt), Letter Pads, Memo Pads, Diaries, and Similar Articles made of Paper or Paperboard in Malaysia/China. *ICON Group International*, May 2010.

market for a number of stationery products, including diaries. The report illustrates that in 2011 China and Malaysia exported significant volumes of diaries to foreign markets, thus demonstrating the significant manufacturing capacity in both countries.

242. One Chinese and one Malaysian exporter provided information on their capacity to produce diaries in reply to the Ministry's Foreign Manufacturers Questionnaire. UP International (Malaysia) stated that [REDACTED] increase capacity to produce diaries but if there was an increase in demand for the customised diaries it exported to New Zealand, [REDACTED] to meet the increased demand. Shenzhen Sunled (China) stated that [REDACTED] freely disposable capacity because it arranges production [REDACTED] and that [REDACTED] significant increase in exports resulting from any spare capacity. The company also stated that [REDACTED] its production capacity. [REDACTED], an importer of both Chinese and Malaysian diaries, provided a submission in response to the Ministry's Importers Questionnaire. While the company did not comment on the capacity of the Chinese and Malaysian diary industries to substantially increase exports to New Zealand, it did note that New Zealand was a small market for diaries, and in particular for the segment of the market in which it is engaged. On this basis, it considered that any imports of diaries into New Zealand is likely to be driven by demand from those companies already engaged in the New Zealand market, rather than by the foreign suppliers.

Conclusion

243. The information collected by the Ministry indicates that there are numerous diary producers in both Malaysia and China with significant production capacities. New Zealand is not a particularly large market for diaries (compared to other international markets) which suggests that Malaysian and Chinese producers would be unlikely to find it difficult to supply the New Zealand market with substantially increased volumes if the need arose.

244. On the basis of the information available on the export capacity of the Malaysian and Chinese diary industries, the Ministry concludes that the current Malaysian and Chinese producers have sufficient freely disposable capacity to substantially increase exports of diaries to New Zealand.

Ease of Entry into the New Zealand Market

245. [REDACTED] stated that competition for customers in New Zealand with Croxley is vigorous. This fact and the fact that the domestic market is so small, suggests to [REDACTED] that there is limited scope for other entrants to enter the market.

246. In the 2007 investigation no submissions were received by the Ministry concerning any perceived or actual difficulty of new entrants, including importers, entering the diary market in New Zealand. In fact, it was found that there was proven access to the New Zealand market through long-standing relationships exporters had established with their New Zealand importers.

Conclusion

247. The Ministry has received no evidence that there have been significant changes in the New Zealand market regarding the ease of entry into the New Zealand market by exporters of Malaysian and Chinese diaries since the 2007 investigation. The Ministry consequentially concludes that exporters do not face significant obstacles in supplying the New Zealand market with diaries.

The ability of importers to handle a significant increase in imports from China and Malaysia and the ease of which goods can be distributed

248. Neither the New Zealand industry nor any other interested party made comments in respect of New Zealand importers' ability to adequately handle a significant increase in imports of Chinese and Malaysian diaries. However, in the 2007 investigation it was found that there were well-developed distribution channels in place in New Zealand giving widespread access to the entire New Zealand market.

Conclusion

249. The Ministry has received no evidence in the present review that there have been significant changes in the New Zealand market regarding the ability of New Zealand importers to handle a significant increase in imports of Chinese and Malaysian diaries, since the 2007 investigation. The Ministry is satisfied that the current New Zealand importers and distributors have the existing distribution systems in place to be able to cater for any significant increase in imports from China and Malaysia entering the New Zealand market, if the anti-dumping duties were removed.

Conclusion on Likely Import Volumes

250. On the basis of its analysis of the above factors and in light of the information collected, the Ministry is satisfied that there is a likelihood of significant volumes of dumped imports entering New Zealand in the foreseeable future, if the current anti-dumping duties are removed.

4.4 Price Effects

Price Undercutting

Introduction

251. Section 8(2)(b) of the Act provides that the Chief Executive shall have regard to the extent to which the prices of the dumped or subsidised goods represent significant price undercutting in relation to prices in New Zealand (at the relevant level of trade) for like goods of New Zealand producers. Where possible (and if sufficient information is available), the level of trade is determined for each product type and for each importer and therefore the prices may be considered at different points in the supply chain.

252. The purpose of the price undercutting comparison is to establish whether or not there is price undercutting attributable to dumping. It should be noted that the determination that price undercutting exists is not by itself a determination of the extent of injury, i.e., the margin of price undercutting is not a measure of the extent of economic impact of the industry. That impact is measured in terms of the factors and indices set out in section 8(2)(d) of the Act.

253. In the present review (as in the original investigation), there were a large number of different types and sizes of diaries imported into New Zealand over the POR(D). To make a price comparison on a per diary basis by matching like features of the imported and domestically-produced diaries would be a large undertaking and in any event not feasible in the present case due to (i) the limited information supplied by the exporters and importers of Chinese and Malaysian diaries involved in the review and (ii) the difficulty in matching diaries with like features from the information which was provided.

254. Because of the above, the Ministry has undertaken the following price undercutting analysis for (i) stock diaries and (ii) corporate diaries, only.

Level of Trade

255. The Ministry will normally seek to compare prices at the ex-factory and either ex-wharf or ex-importer's store levels, to ensure that the impact of dumping is clearly identified and not distorted by differences in distribution costs and margins. Accordingly, the Ministry's position is generally to compare importer's prices, including relevant selling and administration costs, which involves similar cost elements to those in the New Zealand producer's ex-factory price, but not the cost elements relating to the distribution of goods.

Stock Diaries

256. In terms of stock diaries, Croxley competes in the New Zealand market against imports made by retailers and resellers. These entities have the choice of importing the goods directly from China or Malaysia or buying them from Croxley. An example of this level of competition/trade is where retailers such as the Warehouse Stationery Ltd and Whitcoulls have the choice between importing from abroad or purchasing from Croxley. In fact, often such resellers stock a range of both imported and domestically-produced diaries for sale to the public.

257. Croxley consider that the anti-dumping duties are acting to level the playing field in terms of Chinese and Malaysian imports in that there is currently price undercutting occurring. However, the company noted that there has been a noticeable shift to South Korea as the source of supply which it considers is a direct result of there being anti-dumping duties on Chinese and Malaysian imports but none on South Korean imports. Croxley considers that its diaries are now being undercut by imports from South Korean which is illustrated by it losing certain tenders to South Korean imports. The company stated that, if the anti-dumping duties on Chinese and Malaysian imports were removed, these diaries would be imported at prices similar to those at which the South Korean imports are

currently entering the country. The result would be significant price undercutting of Croxley's diaries.

258. As evidence of the above, and more specifically to illustrate the extent that prices of Chinese and Malaysian diaries would drop in the absence of anti-dumping duties, Croxley noted that, in 2011, it lost both the [REDACTED] business and the [REDACTED] branded tender to diaries imported from South Korea. While the [REDACTED] tender was regained in 2012 (for 2013 diaries), the company explained that many importers who had previously imported diaries from China were now looking elsewhere for a supply line that was not affected by anti-dumping duties. The biggest benefactor was South Korea where the [REDACTED] brand diaries were now imported from South Korea and also diaries stocked by the [REDACTED].

259. In order to substantiate the extent of any price undercutting from the Chinese and Malaysian imports, in the absence of anti-dumping duties, the Ministry has used Customs NZ statistics to calculate a FOB import price for a particular shipment of Chinese diaries entering New Zealand at the lower-end of the pricing scale. While Customs statistics do not record the type of diary imported, the low unit price of this particular shipment indicates that the imported diaries are low value stock diaries aimed at the lower-end of the New Zealand market. The Ministry considered this shipment provides a good basis for establishing any likely price undercutting (in the absence of anti-dumping duties) when compared with the domestic industry's price for similar diaries. The Ministry preferred to use this pricing information rather than the information provided by [REDACTED], upon which export prices were established in section 3.3 above, because the [REDACTED] information is very specific to certain diary types for which it was very difficult to match similar or identical diary types sold by Croxley.

260. In order to estimate a landed cost (into a reseller's store) of the particular shipment of Chinese diaries noted above, the Ministry has added, to the FOB value, amounts for overseas freight and insurance, port clearance and inspection fees, and cartage costs to store. These amounts were obtained from [REDACTED] reply to the Ministry's Importers Questionnaire. A comparison of the estimated importer's into-store cost with Croxley's average selling price for a range of lower-priced diary types sold to re-sellers shows that (in the absence of anti-dumping duties) Croxley's diaries are being undercut by a margin of between [REDACTED] percent.

Corporate Diaries

261. In terms of corporate diaries, Croxley competes in the New Zealand market against imports made by resellers who look to on-sell the diaries to New Zealand firms who either give the diaries to their staff or give them away to their clients. These entities also have the choice of importing the goods directly from China or Malaysia or sourcing them from Croxley. An example of this level of competition is where Croxley will compete against a reseller of corporate diaries which may have established suppliers in both China and Malaysia. Croxley and the reseller will compete with Croxley to win tenders to supply New Zealand firms with custom-designed Corporate diaries.

262. As with stock diaries, Croxley confirmed that the anti-dumping duties on Chinese and Malaysian corporate diaries are acting to level the playing field in that generally there was [REDACTED] price undercutting occurring. However, the company did note that, in certain tender situations, it is still being undercut by Chinese and Malaysian imports. The company also stated that, if the anti-dumping duties were removed, the Chinese and Malaysian imports would undercut Croxley's prices to a greater extent.

263. In order to substantiate its claim of continued price undercutting, Croxley noted that it had competed directly with [REDACTED] (an importer of both Chinese and Malaysian diaries) in the past to supply corporate diaries to certain New Zealand firms and that a comparison of the prices both companies had submitted for the same tender would provide a good price comparison for price undercutting purposes. Croxley noted that while it did not compete with [REDACTED] for the same tenders in 2012, it had lost a previous \$[REDACTED] [REDACTED] tender for [REDACTED] diaries (to [REDACTED]) and a 2013 contract to supply [REDACTED] corporate diaries (worth \$[REDACTED]) to [REDACTED].

264. While Croxley was unable to substantiate the extent to which it had been undercut for the [REDACTED] tender and the [REDACTED] contract, the company did provide the Ministry with prices it quoted for the 2013 contract to supply corporate diaries to [REDACTED]. The company considered it was likely that the [REDACTED] tender was lost to [REDACTED] who Croxley considered would have sourced its diaries from either its Chinese or Malaysian supplier. Croxley considered this to be illustrative that, in certain tender situations, it is still being undercut with the anti-dumping duties in place.

Conclusion on Price Undercutting

265. The Ministry considers the above information supplied by Croxley indicates that, in certain situations, New Zealand importers of Chinese and Malaysian diaries are continuing to undercut Croxley's prices. If the anti-dumping duties were to expire, the Ministry considers that the New Zealand importers would look to pass on the cost savings of not having to pay anti-dumping duties, to their New Zealand customers in the form of lower prices. On the basis of the indicative price undercutting calculations completed by the Ministry, it is concluded that the lower priced imports would likely lead to Croxley's prices being undercut by the dumped imports. The likely effect of the price undercutting on Croxley's future prices is examined by the Ministry under the "Price Depression" section below.

Price Depression

266. Section 8(2)(c) of the Act provides that the Chief Executive shall have regard to the extent to which the effect of the dumped or subsidised goods is or is likely significantly to depress prices for like goods of New Zealand producers.

267. Price depression occurs when prices are lower than those in a market unaffected by dumping, usually in a previous period and refers to reductions in prices made by domestic producers in order to deal with competition from prices of dumped goods.

268. In the case of a review, an assumption is made that the existence of a remedy has had the effect of removing injury due to dumping. On this basis, the period covered by the anti-dumping duties meets the general requirement of the conditions of a market unaffected by dumping.

269. Croxley stated that since 2009 it has had to introduce a range of [redacted] options covering a number of key diaries ([redacted] and [redacted]) to protect market share against dumped imports. According to the company, these products were sold at very low margins and in some cases below cost. The company stated that, if the current anti-dumping duties were removed, it would no longer be able to offer competitive product and would lose approximately \$[redacted] - \$[redacted] in sales.

270. To establish whether Croxley has experienced price depression over the POR(I) the Ministry analysed the company's average selling price each year for all domestically-produced diaries, since 2009. To derive Croxley's average selling prices, the Ministry has netted off discounts and rebates. Table 5.2 below shows Croxley's average net prices from 2009 – 2012:

Table 5.2: Price Depression (NZD)

	2009	2010	2011	2012
Ave. price per diary	[redacted]	[redacted]	[redacted]	[redacted]
Ave. price as a % of 2009	-	[redacted]	[redacted]	[redacted]

271. Table 5.2 illustrates that Croxley's average selling price for diaries has increased by [redacted] percent over the period 2009 to 2012, although it has declined slightly since 2010. Therefore, the information shows no evidence that the company has experienced price depression over the POR(I). However, it should be noted that the figures in the table above related to Croxley's total range of diaries which may disguise the extent to which the company has suffered price depression for particular diary types and sizes.

Price Depression Forecast

272. Over the next two years Croxley has forecast its prices [redacted] if the anti-dumping duties remain or if they are allowed to expire. This is on the basis that the company would aim to [redacted] prices for particular 'at risk' diaries in the face of competition from dumped imports from China and Malaysia (if the duties were removed). Table 5.3 below shows Croxley's forecast of its average prices if anti-dumping duties remain in place and alternatively, if the duties are removed.

Table 5.3: Forecast Price Depression (NZD)

	-- With duties --		-- Without duties --	
	Forecast 2013	Forecast 2014	Forecast 2013	Forecast 2014
Ave. price per diary	[redacted]	[redacted]	[redacted]	[redacted]

Ave. price as % of 2012				
-------------------------	--	--	--	--

273. The projected average selling prices (for 2013 and 2014) reflect Croxley's planned strategy of combatting the lower-priced imports (in the absence of the duties) by [redacted] for particular 'at risk' diaries (but incurring lost sales). While the table shows a [redacted] in average selling prices forecast without duties in place (compared with duties remaining in place), this is because the lost sales of the 'at risk' diaries will affect the sales mix of Croxley's entire range of diaries leading to a [redacted] in the average price of its remaining diary types.

Conclusion on Price Depression

274. The Ministry concludes that Croxley's prices have not been depressed if average prices are analysed over the entire injury period. There has, however, been some price depression since 2010. The Ministry further concludes that in the absence of anti-dumping duties, it is unlikely that Croxley will suffer price depression (on the basis that it intends to combat the lower-priced imports by [redacted] for particular 'at risk' diaries). The impact of this strategy on the company's future sales volumes and revenue is analysed under "Sales" in section 4.5 below.

Price Suppression

275. Section 8(2)(c) of the Act also provides that the Chief Executive shall have regard to the extent to which the effect of the dumped or subsidised goods is or is likely significantly to prevent price increases for those goods that otherwise would have been likely to have occurred.

276. The Ministry has generally based its assessment of price suppression on positive evidence, in particular the extent to which cost increases have not been recovered in prices. Cost increases not recovered in prices will be reflected in increases in costs relative to sales revenue.

277. In analysing price suppression, the Ministry has considered Croxley's historical and forecast financial information. The following table shows the company's total cost per unit in relation to its average selling price from 2009 to 2012.

Table 5.4: Price Suppression (NZD)

	2009	2010	2011	2012
Ave. price per diary	[redacted]	[redacted]	[redacted]	[redacted]
Total cost per diary	[redacted]	[redacted]	[redacted]	[redacted]
Total cost as % of Ave. price	[redacted]	[redacted]	[redacted]	[redacted]

278. Table 5.4 shows that Croxley's average costs as a percentage of its average selling price have remained reasonably static since 2009. Croxley's costs currently

represent [redacted] percent of its selling price. The figures indicate that for Croxley’s entire range of diaries, there has been no price suppression since 2009 but some slight price suppression since 2010. The recent price suppression experienced by Croxley is likely due to its [redacted] of certain diaries even though there has been an increase in production costs over the corresponding period.

Price Suppression Forecast

279. Croxley has stated that, should the duties be removed, it would incur price suppression from having to [redacted] for certain ‘at risk’ diaries in the face of competition from the lower-priced dumped imports and by having to incur increasing production costs.

280. In table 5.5 below, Croxley’s projected total cost per unit for 2013 and 2014 has been compared with its projected average prices for the same years (with the anti-dumping duties in place and, alternatively, if the duties are removed). This provides an indication of the likely price suppression the company would suffer if it was to have to compete with dumped imports.

Table 5.5: Projected Price Suppression (NZD)

	-- With duties --		-- Without duties --	
	Forecast 2013	Forecast 2014	Forecast 2013	Forecast 2014
Ave. Price per diary	[redacted]	[redacted]	[redacted]	[redacted]
Total Cost per diary	[redacted]	[redacted]	[redacted]	[redacted]
Total cost as % of Ave. price	[redacted]	[redacted]	[redacted]	[redacted]

281. The figures show that, if the current anti-dumping duties were removed and Croxley had to compete with the dumped imports, the company’s total cost per unit (as a percentage of its average selling price) is projected to increase in 2013 and 2014 to above the percentage it has projected in the same financial years (if the duties were to remain). While the main basis for the company’s projected price suppression is a significant [redacted] per unit (rather than a [redacted]), the forecast information does indicate that Croxley will suffer price suppression in the future, in the absence of anti-dumping duties.

Conclusion on Price Suppression

282. The Ministry concludes that Croxley’s prices have not been suppressed if prices are analysed over the entire injury period, however, there has been some slight price suppression since 2010. The Ministry further concludes that, in the absence of anti-dumping duties, Croxley will likely suffer price suppression.

4.5 The Consequential Economic Impact of the Dumped Goods

Introduction

283. In order to gauge the extent to which the removal of the anti-dumping duties would cause material injury to the domestic industry, the Ministry generally requires the domestic industry to provide projections or forecasts of the injury it considers it will suffer as a result of the removal of the duties. The Ministry examines these projections in light of the company's past performance (in the absence of injurious dumping) and projected future performance (both in the absence and presence of injurious dumping) in order to assist it in analysing the likely consequential economic impact of the dumped goods and in making either a negative or positive recurrence of injury determination.

284. In terms of analysing the likely consequential economic impact of dumped goods, section 8(2)(d) of the Act provides that the Chief Executive shall have regard to the economic impact of the dumped or subsidised goods on the industry, including—

- (i) Actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilisation of production capacity; and
- (ii) Factors affecting domestic prices; and
- (iii) The magnitude of the margin of dumping; and
- (iv) Actual and potential effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investments.

285. The Ministry has analysed below the injury information provided by the industry (including its injury projections) in order to assess the likely extent to which, if the anti-dumping duties were removed, material injury would recur in terms of the above factors, and over what time period.

Output and Sales

286. Movements in sales revenue reflect changes in volumes and prices of goods sold. Dumped imports can affect both of these factors through increased supply of goods to the market and through price competition.

Historical Sales Volume and Revenue

287. The following table shows Croxley's historical sales volume and revenue figures for its total range of diaries, from 2009 to 2012:

Table 5.6: Croxley's Sales Volume and Revenue (NZD)

	2009	2010	2011	2012
Sales volume (diaries, 000)				
- As % of 2009	-			
Sales revenue (\$, 000)				
- As % of 2009	-			

288. The figures in the table above show that while Croxley's sales volume for diaries decreased slightly from 2009 to 2012 (by 1 percent), its sales revenue increased by 1 percent over the same period. On this basis, there is evidence the company has suffered some material injury in terms of sales volume but not revenue for its total range of domestically-produced diaries over the injury POI.

Sales Volume and Revenue in the Absence of Anti-dumping Duty

289. In table 5.7 below, Croxley's projected sales volume and revenue (with the anti-dumping duties in place) for 2013 and 2014 have been compared with its projected sales figures for the same years (with the duties removed).

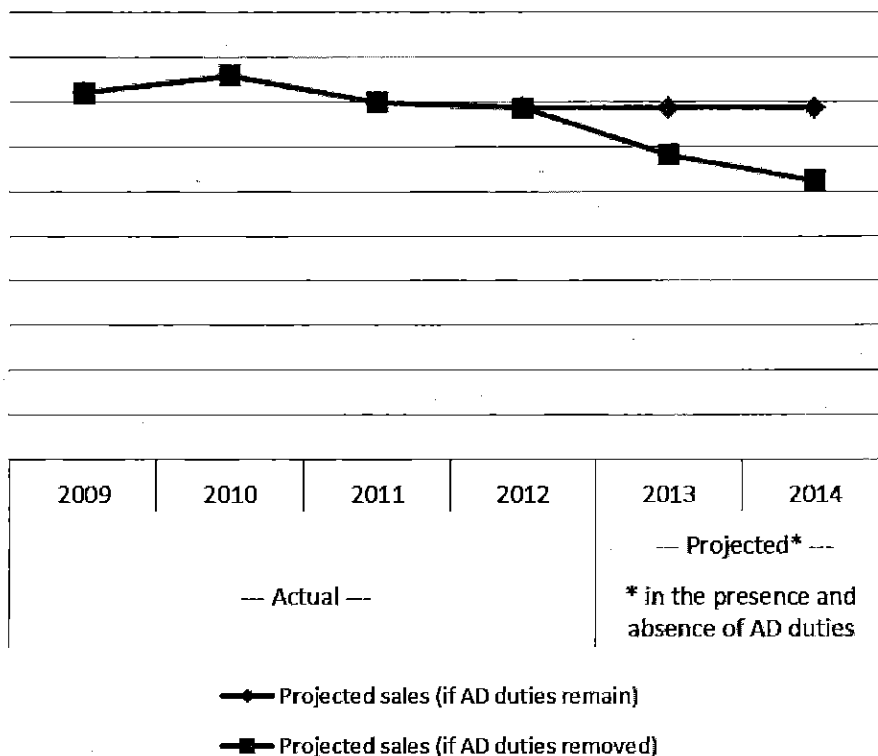
Table 5.7: Croxley: Projected Sales Volume and Revenue

	--- With Duties ---		--- Without Duties ---	
	2013F	2014F	2013F	2014F
Sales volume (diaries, 000)				
- As % of 2012				
Sales revenue (\$, 000)				
- As % of 2012				

290. The figures in the above table reflect Croxley's intended strategy to combat the dumped goods (if anti-dumping duties are removed). The figures show that the company has projected significant declines in sales volume and revenue in 2013 and 2014 (in the absence of anti-dumping duties) when compared with its projections if the duties remain. The projected declines in sales are based on large sales losses expected when competing with the lower-priced dumped imports.

291. The graph below charts Croxley's actual (2009 - 2012) and projected (2013 - 2014) sales volumes for diaries (both in the presence and absence of anti-dumping duty) using the sales volume figures in tables 5.6 and 5.7 above:

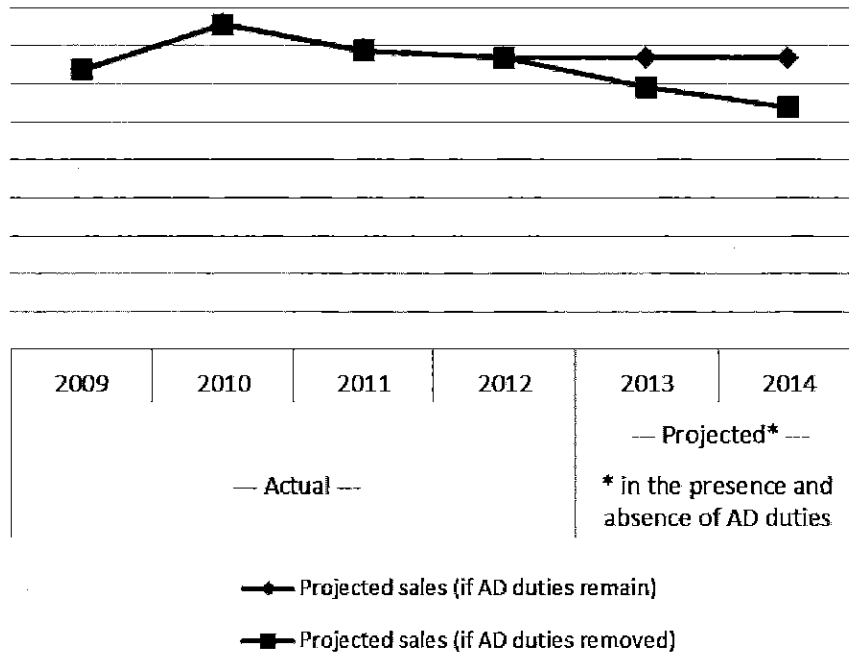
**Graph 1: Forecast Sales Volume
(diaries, 000)**



292. The graph shows that Croxley’s projected sales volumes for 2013 and 2014 (in the absence of anti-dumping duty) are well below its sales volumes actually achieved from 2009 - 2012 as well as its forecast figures (if the duties remain). The figures reflect Croxley’s strategy [REDACTED] (if the duties are removed) in order to compete against the lower-priced dumped imports. The company has projected significant lost sales as a result.

293. The graph below charts Croxley’s actual (2009 - 2012) and projected (2013 - 2014) sales revenue for diaries (both in the presence and absence of anti-dumping duty) using the sales revenue figures in tables 5.6 and 5.7 above:

**Graph 2: Forecast Sales Revenue
(\$, 000)**



294. The graph shows that Croxley’s projected sales revenue for 2013 and 2014 (in the absence of anti-dumping duty) is well below its sales revenue actually achieved from 2009 - 2012 as well as its forecast figures (if the duties remain). The figures reflect Croxley’s planned strategy of [redacted] in the face of increased volumes of lower-priced dumped imports and the fact that it would lose significant revenue as a result.

Conclusion on Sales Volume and Sales Revenue

295. The Ministry concludes that Croxley has suffered material injury in terms of sales volume but not revenue for its total range of domestically-produced diaries, since 2009. As anti-dumping duties are currently in place on imports from Malaysia and China, the drop in sales volume is unlikely attributable to imports from these sources.

296. On the basis that Croxley intends to [redacted] in the face of increasing production costs, the Ministry considers that the company would experience considerable competition from the dumped goods in the absence of anti-dumping duties. While [redacted] would result in little or no lost sales in the short term, it is likely that this strategy would eventually result in lost sales to the lower-priced Chinese and Malaysian imports as New Zealand importers and distributors begin to change their source of supply from domestically-produced diaries to the cheaper imported diaries. Therefore, the Ministry is satisfied on the basis of the available evidence that the expiry of the anti-dumping duty is likely to result in losses in sales in the foreseeable future when compared to what the

industry has achieved historically and how it will likely perform if the anti-dumping measures are retained.

Market Share

297. The analysis of market share must take account of changes in the growth of the market as a whole. A decline in the share of the market held by the domestic industry in a situation where the market as a whole is growing will not necessarily indicate that injury is being caused to the domestic industry, particularly if the domestic industry's sales are also growing.

Historical Market Share

298. The following table shows market share information (by volume) from 2009 to 2012:

Table 5.8: Market Share (diaries)
(Calendar years)

	2009	2010	2011	2012
Dumped Imports	304,116	383,692	371,398	416,356
Non-dumped imports (all sources)	1,064,535	947,439	1,045,723	810,870
Total Imports	1,368,651	1,331,131	1,417,121	1,227,226
NZ Industry Sales*				
NZ Market				
As % of NZ Market:				
Dumped Imports				
Non-Dumped (all Sources)				
Industry Sales				

* Sales by Croxley only.

299. The figures show that the New Zealand industry's share of the total domestic market for diaries has remained reasonably static since 2009. There has been a gradual increase in the market share held by diaries from China and Malaysia since 2009 (even with the anti-dumping duties in place) reflecting the increase in import volumes from both countries. More specifically, the market share of Chinese and Malaysian imports combined increased from 15 percent in 2009 to 20 percent in 2012. However, over the same period, imports from sources other than China and Malaysia decreased from 15 to 10 percent. This indicates that the gain in market share of dumped imports has been mostly at the expense of the decline in the market share of imports from other sources rather than at the expense of the domestic industry's market share. While imports from China and Malaysia increased their market share over the period, they are still significantly below the market share they held in 2007 (the duties were imposed with effect from February 2008).

Market Share in the Absence of Anti-dumping Duty

300. The impact of the dumped goods on Croxley's future market share (in the absence of anti-dumping measures) will depend on how the company responds to increasing volumes of lower-priced Chinese and Malaysian imports e.g. if Croxley looks to [REDACTED] (in the face of rising production costs) for diaries when competing with likely increased volumes of lower-priced imports, the more will be the impact on its sales volumes (and therefore market share), with less impact being on its revenue and profits (in the short term at least).

Conclusion on Market Share

301. The Ministry concludes that Croxley has not suffered material injury in terms of its market share, since 2009.

302. Based on Croxley's intended strategy to [REDACTED] against the likely lower-priced Chinese and Malaysian imports, it is likely that the company would lose significant market share to dumped imports in 2013 and 2014. The company intends to [REDACTED] (in the face of rising production costs) when competing with the lower-priced imports from China and Malaysia (in the absence of anti-dumping duties), rather than [REDACTED] in order to maintain sales and market share. The company is already producing a range of [REDACTED] diaries which it is using to compete with lower-priced imported stock diaries (mainly from South Korea). On this basis, it follows that while the company will maintain sales and profits in the short-term (as imports strive to gain a foothold in the market) it will suffer a significant loss of market share in the foreseeable future, as the cheaper priced imports from China and Malaysia (without the duties in place) begin to gain a larger share of the market at the expense of domestic production.

Profits

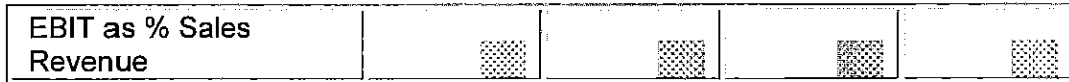
303. Changes in net profit reflect changes in prices, sales volumes or costs. Dumped imports can impact on any or all of these.

Historical Profits

304. Croxley provided the following historical information on its earnings before interest and tax (EBIT) or net profit:

Table 5.9: Croxley's Net Profit (EBIT)

	2009	2010	2011	2012
EBIT (\$, 000)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- As % of 2009	-	[REDACTED]	[REDACTED]	[REDACTED]
EBIT per diary	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- As % of 2009	-	[REDACTED]	[REDACTED]	[REDACTED]



305. The figures in the table show that Croxley's EBIT for diaries increased significantly in 2010 but then decreased over the following two years. Over the entire injury period (2009 – 2012) the company has experienced a reasonably large increase in EBIT (10 percent). EBIT per diary and EBIT as a percentage of revenue followed a similar trend. On this basis, there is no evidence the company has suffered material injury in terms of its EBIT level over the injury period.

Profits in the Absence of Anti-dumping Duty

306. In table 5.7 below, Croxley's projected EBIT (with the anti-dumping duties in place) for 2013 and 2014 have been compared with its projected EBIT for the same years (with the duties removed).

Table 5.10: Croxley: Projected EBIT

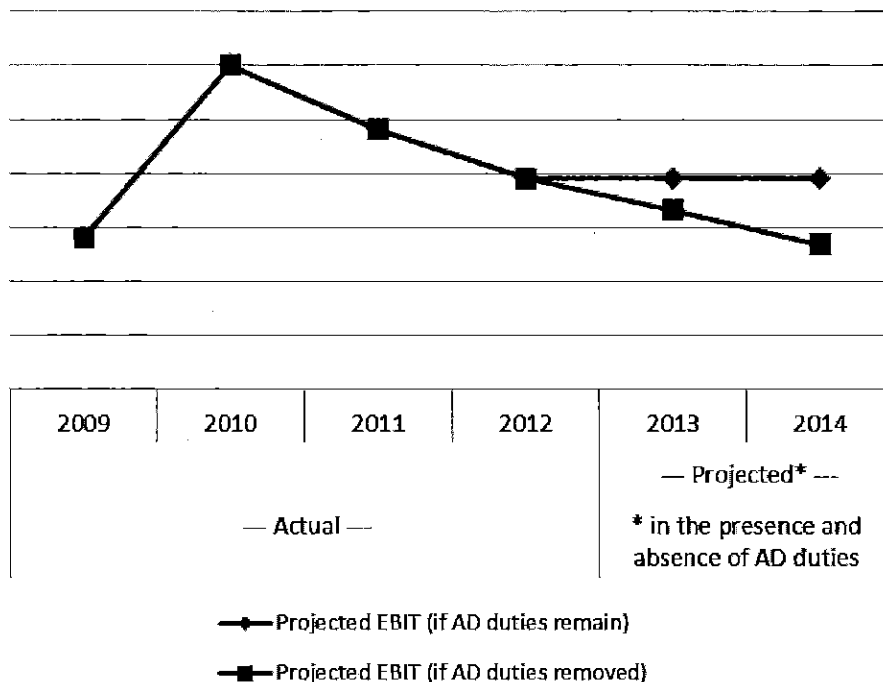
	--- With Duties ---		--- Without Duties ---	
	2013F	2014F	2013F	2014F
EBIT (\$, 000)	100	120	100	100
- As % of 2012	100	120	100	100
EBIT per diary	100	120	100	100
- As % of 2012	100	120	100	100
EBIT as % Sales Revenue	100	120	100	100

307. The forecast EBIT figures for 2013 and 2014 in the tables above (in the absence of anti-dumping duties) derive from Croxley's projected sales volume and revenue figures analysed above, but also take into account the company's projected production costs and expenses it would incur if producing those volumes and also reflect the company's intended strategy of [redacted] in the face of rising production costs when competing with the dumped goods.

308. The figures indicate that Croxley will achieve decreased profit levels in 2013 and 2014 (in the absence of anti-dumping duties) when compared with historical levels and what the company would have expected to achieve if the anti-dumping duties remained. As would be expected, the forgone profit amounts are most pronounced in 2014 where the company has projected it will incur approximately \$ [redacted] in forgone profits (a 10 percent drop) if the duty is removed and it is again forced to compete with the lower-priced dumped imports from China and Malaysia.

309. The graph below charts Croxley's actual (2009 - 2012) and projected (2013 - 2014) EBIT for diaries (both in the presence and absence of anti-dumping duty) using the EBIT figures in tables 5.9 and 5.10 above.

Graph 3: Forecast EBIT (\$, 000)



310. The projected EBIT figures (for 2013 and 2014) reflect Croxley's planned strategy of [redacted] in the absence of anti-dumping duties on imports from China and Malaysia. The graph shows that, while the company's projected 2013 and 2014 EBIT figures (in the absence of anti-dumping duty) are in close proximity to the results recorded in 2009, they are well below the EBIT figures recorded from 2010 - 2012 and what the company has projected it will achieve if the duties remain in place.

Conclusion on Profit

311. Croxley's profit level has increased since 2009. The low profit level in 2009 is likely to reflect lower prices achieved for certain diaries after the company had to introduce a range of [redacted] to combat lower-priced imports (mainly from South Korea). Croxley noted that the [redacted] range was introduced after it had lost out on a number of tenders to lower priced imports. A [redacted] range was needed to win back these sales but the result was [redacted] achieved and lower short-term profits.

312. Croxley considers that if the anti-dumping duties are removed, it will [redacted] in the face of increasing production costs meaning that the impact from a recurrence of dumped imports will eventually be reflected in declines in sales volumes, revenue and profits. This strategy to combat the dumped goods is reflected in the loss in profit examined by the Ministry above.

313. The Ministry is satisfied that the lost sales forecast by Croxley will directly result in significant losses in EBIT over its 2013 and 2014 financial years when compared with its past performance (with duties in place) and when compared with what the company would have expected to achieve if the anti-dumping duties remained.

Productivity

314. Productivity is the relationship between the output of goods and the inputs of resources used to produce them. Changes in productivity are affected by output levels and by the level of capacity utilisation.

315. Croxley provided information, by way of bar graphs showing actual output vs. targeted output, which showed that that over a recent 8-month period █ of the █ main processes involved in diary production had significant productivity improvements. Overall, significant productivity gains have been achieved through a targeted maintenance and preventative maintenance program, an on-going program of continuous improvement and targeted capital spend. Croxley stated that it continued to be focused on improving its productivity/performance and, although the company's output and productivity had increased significantly, it had been unable to pass on operational cost increases due to competition from lower-priced imports.

316. In terms of the likely effect on Croxley's productivity levels should the anti-dumping duties be removed, the company stated that the resulting increased competition from dumped product would jeopardise the increased efficiency and productivity gains it has made recently.

Conclusion

317. There is no evidence that Croxley has incurred productivity losses since 2009. On the basis that Croxley intends to █ in the face of increasing production costs, the Ministry considers that the company would experience considerable competition from a recurrence of dumping in the absence of anti-dumping duties. As noted above, it is likely that this competition would eventually result in lost sales and profits to the lower-priced Chinese and Malaysian imports as New Zealand importers and distributors begin to change their source of supply from the domestically-produced diaries to the cheaper imported diaries. As Croxley experiences lost sales and profits to the cheaper imports, the Ministry considers it likely that the company's productivity level would be adversely affected as a result.

Return on Investments

318. Return on investments measures profit against the value of the investment in a business. A decline in return on investments will result from a decline in returns with or without a relative increase in the investment factor being used. Movements in return on investment affect the ability of an industry to retain and attract new investment.

319. In calculating the return on investments, the Ministry would normally seek to compare net profit figures against the average assets used in the production of

diaries intended for sale on the domestic market. However, Croxley was not able to provide the value of assets employed in the production of diaries because the company's plant is not dedicated solely to the production of diaries.

320. In any event, the Ministry considers it likely that any movement in profits would be mirrored by a corresponding decline in the rate of return on investments. The Ministry concluded under "Profit" above that, should duties be removed, Croxley will experience significant losses in EBIT over its 2013 and 2014 financial years when compared with its past performance (with duties in place) and when compared with what the company would have expected to achieve if the anti-dumping duties remained.

Conclusion

321. The Ministry has been provided with no evidence to show that Croxley's return on investment has been adversely impacted by the impact of dumped goods (with the anti-dumping duties in place). However, should the current anti-dumping duties be removed, the Ministry considers that, based on the likelihood of losses in EBIT, there will likely be a corresponding decline in return on investment.

Utilisation of Production Capacity

322. The utilisation of production capacity normally reflects changes in the level of production, although in some cases it will be affected by an increase or decrease in production capacity. In either case, a decline in the utilisation of production capacity will lead to an increase in the unit cost of production, and a consequent loss of profit.

323. The fact that much of Croxley's machinery is not dedicated solely to diary production makes the production capacity (and a utilisation rate) for diaries difficult to establish. Croxley provided figures for the utilisation of its production capacity but the figure was based on the total hours available for production of all the products it made (including both CBS and diaries). In terms of Croxley's expected production utilisation in the absence of anti-dumping duties, the company stated that utilisation is a reflection of the demand being processed. As there would be an increase in the quantity of imported diaries (if the duties expired), there would be a corresponding decrease in domestic output resulting in plant utilisation declining. The company stated that keeping the duties in place will allow it to operate competitively with the dumped diaries.

Conclusion

324. The Ministry has been provided with no evidence to show that Croxley's production capacity utilisation rate has been adversely impacted by the impact of dumped goods (with the anti-dumping duties in place). However, Croxley has projected significant lost sales from having to compete with a recurrence of import volumes of lower-priced dumped imports if the anti-dumping duty is removed. The Ministry concluded above that this scenario is likely to eventuate in the absence of measures. On this basis, the Ministry considers that the company's production capacity utilisation rate is likely to also be adversely affected by the removal of the anti-dumping duties on Chinese and Malaysian imports.

Factors Affecting Domestic Prices

325. Other than competition from South Korean imports (see below under section 4.6), Croxley has not raised any factors affecting domestic prices in terms of the current performance of the company (with the anti-dumping measures in place) or if the duties were to be removed.

Magnitude of the Margin of Dumping

326. The magnitude of the margin of dumping can be a useful indicator of the extent to which injury can be attributed to dumping, particularly in assessing to what extent any injury is due to dumped imports and what portion, if any, is due to other factors. In this respect, it is useful to compare the margin of dumping with the margin of injury (determined by the level of price undercutting).

327. In terms of the margin of dumping, the review has found that 100 percent of diaries imported from Malaysia and [REDACTED] percent of diaries imported from China are continuing to enter New Zealand at dumped prices. The overall dumping margin established for China (for those exporters found to be dumping) was 20 percent while dumping margins ranging from 26 – 37 percent were established for the Malaysian exporters. In terms of the margin of injury, the Ministry established above that there is some evidence that Chinese and Malaysian diaries are undercutting the domestic industry's prices but that generally the anti-dumping measures are remedying any dumping and enabling the domestic industry to compete with the dumped imports on price.

Conclusion

328. In terms of the likely effect on the domestic industry if the anti-dumping duties are removed, the Ministry has concluded that dumping continues to occur and would likely continue if the anti-dumping duties were removed. If the anti-dumping duties were removed and if exporters' current pricing habits are an indication of future pricing, the Ministry considers that the magnitude of the margin of dumping would likely be at least equivalent to what it currently is and any level of price undercutting would be attributed to the dumping.

Other Adverse Effects

Cash Flow

329. Croxley provided the following information on cash flow relating to diary sales for the period 2010 - 2012 and forecasts (for 2013 and 2014) if the duties are removed and if they remain:

Table 5.11: Croxley – Change in Cash Flow

				-- Forecast if AD duties expire --	
	2010	2011	2012	2013	2014
Cash receipts (change in sales, \$000)	██████████	██████████	██████████	██████████	██████████
Cash payments (change in COS+SGA, \$000)	██████████	██████████	██████████	██████████	██████████
Net cash flow (\$000)	██████████	██████████	██████████	██████████	██████████

330. While the figures in the above table show that Croxley has had a ██████████ cash flow recently, the company considers that it has not been sufficient to impede its ability to carry on business. Also, because there are currently anti-dumping duties in place, it is unlikely that the company's cash flow has been adversely impacted by the existence of dumped imports from China and Malaysia.

331. In terms of the likely effect on Croxley's cash flow should the anti-dumping duties be removed, the company considers that, to the extent that the removal of the anti-dumping duties would result in lost sales, its cash flow will be diminished by the extent of these lost sales and resulting loss in profit.

Conclusion

332. The Ministry concludes that there is no evidence that ██████████ in Croxley's cash flow can be attributable dumping (with anti-dumping duties in place). However, should the current anti-dumping duties be removed, the Ministry is satisfied that, based on the likelihood of losses in sales revenue and EBIT, the company's cash flow will also likely be negatively affected.

Inventories

333. Production of diaries is generated by sales demand and under Croxley's ██████████ inventory management system stock is held and released to the market in line with specific customer requirements and agreements. Under this inventory management system inventory records are up-dated in real time.

334. Diaries are unique in relation to normal stock carrying trends because diaries become obsolete part way into the year for which they were produced. Any stock not sold is therefore destroyed in about March each year. The inventory level is consequently reduced to about zero every March and then built up for the next diary season. Croxley noted that its diary obsolescence write-off amount is currently in the range of \$ ██████████ - \$ ██████████ which is a significant improvement from previous years.

Conclusion

335. Under its [redacted] management system Croxley's inventory levels are managed by its production process enabling stock levels to be kept to a minimum. On this basis, the company has not made any claims of injury in respect of its inventory levels.

Employment and Wages

Employment

336. Croxley provided the following details of the number of staff employed each year from 2009 at its Avondale factory and the number dedicated specifically to diary production:

Table 5.12: Croxley Headcount (numbers of employees)

Stationery * (i.e. all stationery products, incl. diaries)				
	2009	2010	2011	2012
- Direct	[redacted]	[redacted]	[redacted]	-
- Indirect	[redacted]	[redacted]	[redacted]	-
Total	[redacted]	[redacted]	[redacted]	-
Diaries				
	2009	2010	2011	2012
- Direct	[redacted]	[redacted]	[redacted]	[redacted]
- Indirect	[redacted]	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]	[redacted]	[redacted]

* figures not available for 2012 in relation to *all* stationery products.

337. Croxley employs additional temporary labour (between [redacted] - [redacted], at any one time, for the manufacturing operation). These workers are employed to cope with [redacted] the manufacturing cycle as well as to [redacted]. This allows the company to have a core group of full-time workers on hand at any one time. On this basis, it is unlikely that any continued dumping has adversely affected the company's employment level, especially as there are anti-dumping duties currently in place on imports from China and Malaysia.

Wages

338. Croxley provided the following table showing direct labour costs as a percentage of cost of sales (historical) and forecasts if the duties are removed and if they remain:

Table 5.13: Croxley – Direct labour cost

	--- Historical ---				-- Forecast if AD duties expire --	
	2009	2010	2011	2012	2013	2014
Billed Sales (\$, 000)						
Cost of Sales (COS) (\$, 000)						
Direct labour cost (% of COS)						

339. Croxley stated that the above figures highlight the decline in direct labour cost the company would incur in the absence of measures. According to the company, direct labour costs will decline in direct proportion to the decline in sales that the company has projected will be a direct result of the removal of the anti-dumping duties. Croxley said staff numbers will most likely decrease when no other areas in manufacturing can absorb idle labour as a result of a declining production volume of diaries. If the company is unable to re-allocate staff Croxley said there would be [redacted] and further costs incurred in terms of [redacted] which would also [redacted] and ultimately the performance of the [redacted].

Conclusion

340. The Ministry concludes that there is no evidence that Croxley's employment and wages have been adversely impacted (with anti-dumping duties in place). However, to the extent that the removal of the anti-dumping duties would likely result in a loss of sales and profit (as concluded above), it can reasonably be expected that there would also likely be a reduction in the number of full-time workers employed to produce diaries if those staff cannot be re-allocated to other areas of manufacturing.

Growth

341. Croxley stated that through its program of continuous productivity improvements it remains committed to reducing operational costs and working towards growing its diary production. It believes the biggest opportunity is in [redacted] markets, specifically [redacted]. The company considers that any negative impact caused by removing the anti-dumping duties will also impact on its ability to grow its international markets.

Conclusion

342. The Ministry concludes that there is no evidence that Croxley's growth has been adversely impacted (with anti-dumping duties in place). However, should the current anti-dumping duties be removed, the Ministry is satisfied that, based on the likelihood of losses in profit (as concluded above), the company will likely experience a corresponding decline in its rate of growth.

Ability to Raise Capital

343. Major capital expenditure is approved by Croxley's parent company in the United States which determines the required return on capital before it is approved.

344. Croxley stated that over the years it has invested heavily in very specific skills (people) and equipment in order to produce diaries. Croxley claims that the loss of sales it would incur (if it had to compete with dumped imports without duties in place) would put pressure on its capital investment program by jeopardising a recent NZ\$ [REDACTED] capital request application. The investment is needed in order to move to [REDACTED] and is critical if the company is to maintain a viable and successful manufacturing operation. However, the returns expected from such an investment rely on a profitable payback period and detailed knowledge of any restraints, which would be put in jeopardy if the duties were removed. Croxley did not provide any target figures on return on investment that it had to achieve although it noted that major capital expenditure would be expected to be fully cost-recovered within a period of [REDACTED] years from the date of purchase of the capital equipment.

345. In terms of Croxley's ability to raise capital in the absence of anti-dumping duties, Croxley stated that it would be very difficult to justify further capital investments in the manufacturing area, if there were declining production volumes directly resulting from increased import volumes of dumped diaries.

Conclusion

346. The Ministry concludes that there is no evidence that Croxley's ability to raise capital has been adversely impacted (with anti-dumping duties in place). However, should the current anti-dumping duties be removed, the Ministry is satisfied that, based on the likelihood of losses in profit (as concluded above), the company's ability to raise capital will also likely be adversely affected.

4.6 Other Causes of Injury

347. Sections 8(2)(e) and (f) of the Act provide that the Chief Executive shall have regard to factors other than the dumped goods which have injured, or are injuring, the industry, including—

- i. The volume and prices of goods that are not sold at dumped prices; and
- ii. Contraction in demand or changes in the patterns of consumption; and
- iii. Restrictive trade practices of, and competition between, overseas and New Zealand producers; and
- iv. Developments in technology; and
- v. Export performance and productivity of the New Zealand producers; and

- vi. The nature and extent of importations of dumped or subsidised goods by New Zealand producers of like goods, including the value, quantity, frequency and purpose of any such importations.

Non-Dumped Imports

348. The volume and value of non-dumped imports from any country can be a source of material injury to the New Zealand industry. This includes imports from countries not subject to anti-dumping duties but also imports from countries subject to this review that have been imported at non-dumped prices.

Non-dumped Import Volumes

349. Croxley stated that many importers who had previously imported diaries from China were now looking elsewhere for a supply line that was not affected by anti-dumping duties. The biggest benefactor was South Korea where the [REDACTED] brand diaries were now imported from South Korea and also diaries stocked by the [REDACTED]. Croxley noted that the main South Korean producer of the [REDACTED] brand supplied a good product but has a notoriously unreliable service record. While Croxley has an advantage over the Korean supplier of being able to react quickly to service issues, the company considers that imports from South Korea are causing it injury.

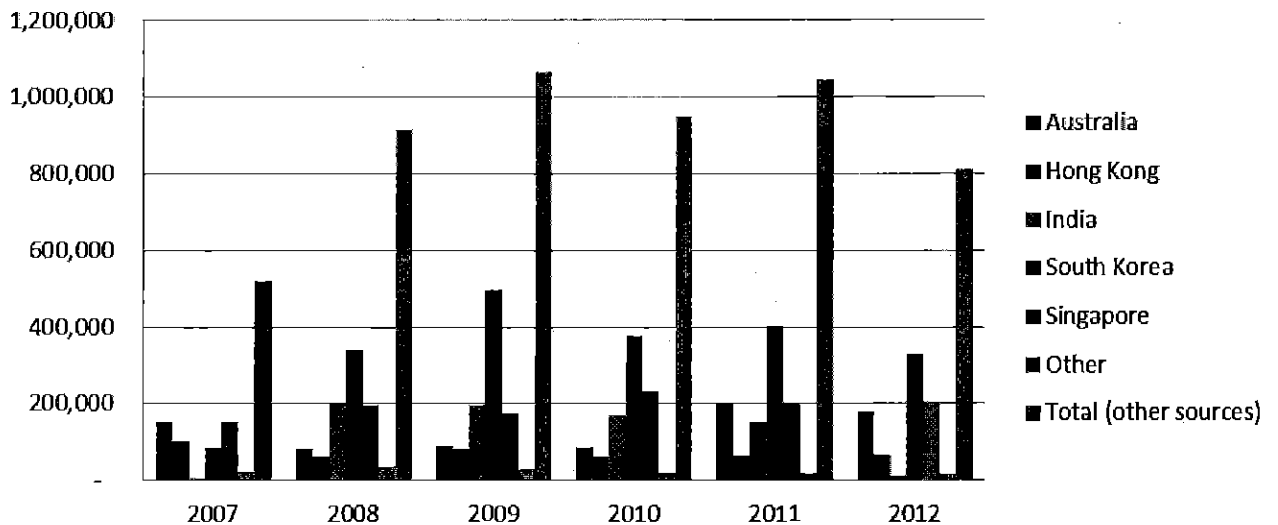
350. The Ministry has examined the extent to which import volumes from sources other than China and Malaysia have entered New Zealand since the anti-dumping duties were imposed in October 2007. Table 5.14 below provides a breakdown in the import figures, since 2007. As noted above, the volumes of non-dumped imports, cover imports from countries other than those under investigation and non-dumped imports from China and Malaysia.

**Table 5:14: Non-dumped Import Volumes
(Calendar years)**

<i>Volume (diaries)</i>	2007	2008	2009	2010	2011	2012
Australia	151,913	83,588	90,362	85,301	201,843	179,809
Hong Kong	102,726	62,287	80,539	62,523	67,109	65,737
India	5,537	198,290	195,233	170,079	152,670	13,341
South Korea	84,180	340,191	496,167	378,243	403,977	330,811
Singapore	153,654	195,003	175,265	233,361	202,371	206,741
Other	21,543	36,152	26,969	17,932	17,753	14,431
Total (other sources)	519,553	915,511	1,064,535	947,439	1,045,723	810,870

351. The historical import volume figures in the table above are displayed below in the form of a bar graph.

**Graph 4: Non-dumped Imports
(diaries)**



352. The figures above show there has been a large increase in imports from South Korea since the anti-dumping duties were imposed in 2007. Import volumes from South Korea peaked in 2009 and, while they have decreased somewhat since then, they currently remain well above the figure recorded in 2007 and are the largest single source of diaries imported into New Zealand. The volume of diaries imported from India also increased significantly post-imposition of the anti-dumping duties on imports from China and Malaysia, although volumes fell considerably in 2012. The information also shows that the volumes of diaries imported from Australia have doubled over the last two years.

Conclusion

353. Overall, non-dumped imports (from all sources) increased sharply since the anti-dumping duties were imposed on Chinese and Malaysian imports in October 2007. Volumes have remained reasonably static since 2008 although there were volume surges in 2009 and 2011 primarily reflecting import surges from South Korea over the same years. Since 2007, import volumes from South Korea have mirrored a similar trend to import volumes from all non-dumped sources.

Non-dumped Import Values

354. Croxley provided information in its review application showing that the average VFD of imports ex-Korea in July and August 2012 was \$1.50 and \$1.34 per diary, respectively. The company claimed that these prices were significantly lower than the average prices from China for the same months. Croxley also noted that in 2011 Croxley lost both the [redacted] business and the [redacted] branded tender to diaries imported from South Korea. The [redacted] tender was regained in 2012 (for 2013 diaries).

355. The Ministry has examined the values at which diaries from sources other than China and Malaysia have entered New Zealand. Table 5.14 below provides a breakdown in the figures, since 2007.

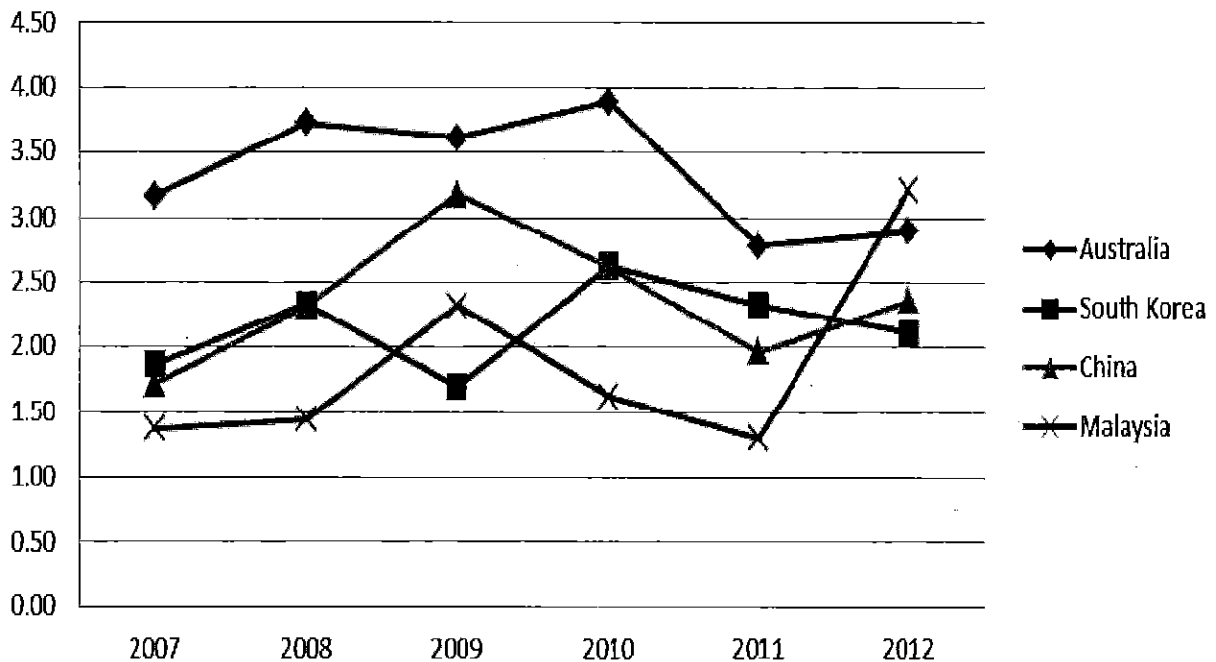
Table 5:14: Non-dumped Import Values (Calendar years)

<i>Ave. VFD per diary (NZD)</i>	2007	2008	2009	2010	2011	2012
Australia	3.17	3.73	3.61	3.89	2.78	2.90
Hong Kong	4.18	3.08	3.18	2.40	2.92	3.35
India	1.28	2.16	1.33	2.89	2.97	1.32
South Korea	1.87	2.33	1.70	2.63	2.32	2.11
Singapore	4.20	4.95	5.15	3.78	4.46	4.07

356. The information shows that, over the last six years, South Korean and Indian diaries have consistently entered New Zealand at prices much lower than any other country. Croxley consider that imports from India are not an issue for the company at the moment because these particular diaries are servicing a particular segment of the market in which Croxley does not compete.

357. The line graph below highlights the historical per unit import values of a selection of countries listed in the table above. For comparison purposes, it also includes historical import values for dumped diaries imported from China and Malaysia.

Graph 5: Non-dumped Import Values (Ave. NZ\$VFD per diaries)



358. The information shows that Malaysian per unit import values have historically been lower than those of Chinese and South Korean diaries although the average Malaysian price increased sharply in 2012 to a level above that of China, South Korea and Australia. Since 2007, the average per unit import value of Korean diaries has remained reasonably similar to the average per unit import value of Chinese imports (excluding 2009 where the Korean imports recorded a large decrease in average per unit value). Currently the Korean average per unit value remains below the average per unit import values for both Malaysia and China.

Conclusion

359. The above information substantiates Croxley's claim that South Korean per unit import values are lower than those of Chinese diaries which may have contributed to the company losing certain tenders to the Korean imports. On this basis and accounting for the fact that there has been a large increase in import volumes from South Korea since the imposition of anti-dumping duties on Chinese and Malaysian imports in October 2007, there is evidence that imports of diaries from South Korea may be a source of injury to the company.

Contraction in demand or changes in the patterns of consumption

360. Changes in the pattern of consumption or a reduction in demand for diaries can also be a potential cause of material injury to the New Zealand industry producing diaries.

361. In the 2007 investigation a number of interested parties claimed that the increased use of technology such as personal computers and hand-held devices (e.g. PDAs) containing electronic diaries had reduced the need for paper diaries. A number of interested parties also noted that there had been a shift in demand from traditional stock diaries to fashion-orientated diaries. Because Croxley is geared to the commercial (business and retail) market and not niche markets, these parties claimed at the time of the original investigation that the company had been unable to offer a credible range of diaries in this segment of the market.

362. In respect of these claims, Croxley noted at the time of the 2007 investigation that it did not consider the market for diaries was contracting nor did it consider that computer-based diaries had had a negative impact on its sales of paper diaries. The Ministry concluded at the time that, while fashion diaries were becoming more significant, Croxley still competed in this market by producing such diaries. The Ministry also concluded that the suggestion by some parties that the increasing use of electronic diaries was causing injury to Croxley was not borne out by the total New Zealand consumption figures compiled by the Ministry.

363. In the current review, Croxley noted that there had recently been a notable [REDACTED] diaries due to the technology alternatives now available. However, the company also noted that the recent [REDACTED] diaries has been balanced by an increased [REDACTED] diaries through the retail sector. According to the company, many people are now using both electronic and standard diaries in tandem.

Conclusion


364. The information above indicates there has been a gradual increase in usage of electronic diaries and also an increase in demand for fashion diaries over recent years. The extent to which these factors have affected adversely Croxley's sales of diaries is unclear. What is clear, however, is that Croxley does produce fashion diaries and that its sales of these diaries have been included in the Ministry's analysis of the company's financial performance relating to all types of diaries. In respect of the increased demand for electronic diaries, the market share figures obtained in the review show that the overall New Zealand market for paper diaries has remained reasonably static. This indicates that while the demand for electronic diaries may have increased recently, this has not affected to any large extent the demand for paper diaries.

Restrictive trade practices of, and competition between, overseas and New Zealand producers

365. Restrictive trade practices of overseas or New Zealand producers, such as price ceilings or exclusive dealer arrangements, can affect the financial position of New Zealand manufacturers when they are not the benefactors of these practices.

366. Croxley noted that it was not aware of any restrictive trade practices in the New Zealand diary market (other than the mislabelling of products that had occurred on occasion in the past). No other interested party which made a submission in the review noted that it was aware of any restrictive trade practices in the New Zealand market.

367. One interested party noted that manufacturing in New Zealand and Australia faces headwinds generated by improved technology and vastly improved quality available from lower cost countries. According to this particular company, there comes a tipping point in the evolution of every industry where rising local costs of production (particularly wages) combined with a market that is much more price conscious than before, leads to local manufacturing becoming unviable. The company questioned whether this point had now arrived for the New Zealand diary industry. It also considered that the imposition of anti-dumping duties on imported diaries forces prices to be maintained at levels higher than those which would apply in an open market. Without there being a vibrant and competitive manufacturing industry in New Zealand, the company considered that such a regime is unfair to domestic purchasers of diaries (including corporations and consumers) and has led to a distortion in the market in favour of the sole remaining New Zealand producer.

368. On the issue of whether the domestic industry is able to cope with rising local costs of production (particularly wages), information provided by Croxley indicates that the company has struggled in recent times to cope with increased production costs. The company has acknowledged that it has been reluctant to increase prices of certain diaries in line with increased production costs and has introduced a range of  dairies to give it more leverage in the local market.

369. In terms of whether an anti-dumping regime is unfair to domestic purchasers of diaries and prevents a vibrant and competitive manufacturing industry, the Ministry

considers that anti-dumping duties are designed specifically to remedy any dumping causing injury to domestic producers because dumping is considered to be an unfair trade practice under international rules. In this respect, anti-dumping duties act to level the playing field by establishing conditions in the New Zealand market to enable domestic producers to fairly compete with unfairly-priced imports. Therefore, the Ministry considers that anti-dumping duties are a necessary component of a competitive market economy and that they encourage rather than prevent a vibrant and competitive domestic industry illustrated in the current situation by there being more than one New Zealand producer manufacturing diaries and a number of sources of imported diaries (including from China and Malaysia).

Developments in technology

370. If New Zealand manufacturers fail to uptake new technologies this can be a cause of injury in terms of their financial performance. Likewise, if a company chooses to be an early adopter of new technology, the cost of being the first to market with a technology can outweigh any returns.

371. Croxley stated that it has made [REDACTED] changes to the technology to produce diaries since 2007. It said that the majority of diaries are produced on similar machinery around the world. A number of the machines do not need to be particularly sophisticated and will continue to operate efficiently for many years if they are well maintained.

372. Croxley did note, however, that it was particularly focused on achieving efficiency gains from its machinery and that its machine maintenance was focused on making [REDACTED] improvements. That said, Croxley also noted that it had been [REDACTED] state of the art equipment but it was based on new (expensive) [REDACTED] some of which had not yet been perfected.

Conclusion

373. There is no doubt that Croxley has made significant improvements in productivity over recent years through efficiency gains from both its machinery used to produce diaries and its production processes. Also, the company is continually looking to invest in new machinery and technology evidenced by a recent capital request application for new [REDACTED]. On this basis, the Ministry is satisfied that Croxley is continually looking to achieve efficiency gains and to take advantage of new technology, where possible.

Export performance and productivity of the New Zealand producers

374. Export performance and productivity of the New Zealand industry can be a cause of injury if its export performance is at the expense of its domestic performance.

375. Croxley mainly exports to [REDACTED] and [REDACTED] and achieves a profit when selling diaries to these markets. The company believes its biggest opportunity is in [REDACTED] markets, specifically [REDACTED] and that any negative impact caused

by removing the anti-dumping duties will include its ability to compete internationally. In 2012 diary exports represented [REDACTED] percent of Croxley's total diary sales.

Conclusion

376. On the basis of the above information, the Ministry considers that the export performance and productivity of the New Zealand industry is not a factor other than the dumped goods which has injured, or is injuring, the industry.

Imports by the Industry

377. The nature and extent of imports by the domestic industry of dumped goods is a factor the Ministry considers when examining whether or not the domestic industry has suffered material injury. This ensures that a New Zealand manufacturer is not able to benefit from any injury that is the result of its own importations of dumped goods to the disadvantage of any other importer. In the case of a sunset review, anti-dumping duties have been imposed on dumped imports as a result of a prior investigation, therefore, all subsequent imports (including those made by the domestic industry) are subject to the measures.

378. Croxley imports diaries, including from Malaysia and China. The company stated that its imported diaries are products which it doesn't have the ability to manufacture itself, or cannot produce competitively. An analysis of Croxley's past importations of diaries from China and Malaysia shows that its imports have historically [REDACTED] in relation to the total diaries imported from these countries. In analysing the likelihood of a continuation or recurrence of injury to the domestic industry (in the absence of anti-dumping duties), imports of diaries by Croxley (including from China and Malaysia) have been excluded from the injury data provided by Croxley and analysed by the Ministry.

Conclusions

379. Given the basis of the Ministry's injury analysis (as explained above) and the size of the importations and reasons why Croxley has imported diaries from China and Malaysia in the past, the Ministry is satisfied that these importations are not a factor other than the dumped goods which has injured, or is injuring, the industry. «Text Here»

Quality of Service by the Domestic Industry

380. One interested party noted that in some cases it had [REDACTED] for the supply of diaries in New Zealand that were [REDACTED]

[REDACTED]. While the company did not elaborate on this issue, it did note that price and product quality were two other key factors influencing market demand in New Zealand. While Croxley did not reply directly to the above claim, the company noted there is strong consumer loyalty and demand in New Zealand for its "Collins" diaries with one of its key marketing strategies being a quality-designed "New

Zealand made" product. The company also noted that it has the advantage over the foreign suppliers of being able to react quickly to service issues.

Conclusion

381. While an interested party in the review has commented that [REDACTED], the company provided no substantiation of its claim. Croxley noted specifically that it values its reputation and experience in dealing with New Zealand customers and that, being a New Zealand producer, was able to react quickly to service issues. On the basis of the information collected in the review, the Ministry is not convinced that the quality of service offered by the New Zealand industry is a factor other than the dumped goods which has injured, or is injuring, the industry.

4.7 Conclusions Relating to Injury

382. From information made available during the review, the Ministry has reached the following conclusions.

Volume and Price Effects

383. The volume of imports of diaries from China and Malaysia has increased in absolute terms and also relative to both domestic production and total New Zealand consumption.

384. With anti-dumping duties in place, Croxley is still experiencing some instances of price undercutting by imports of diaries from China and Malaysia.

385. Croxley has not experienced price depression or suppression if prices are analysed over the entire injury POR(I) but has experienced some depression and suppression since 2010.

Economic Impact

386. Even with anti-dumping duties in place, there is evidence that the domestic industry has suffered actual declines in sales volume and revenue and profit since 2010. As anti-dumping duties are currently in place on imports from Malaysia and China, these declines are unlikely attributable to imports from these sources.

387. The Ministry has found little evidence that Croxley has incurred injury in terms of the following indicators, bearing in mind that there are currently anti-dumping duties in place on Chinese and Malaysian imports to prevent injurious dumping from these sources: market share, productivity, return on investment, utilisation of production capacity, cash flow, employment and wage levels, its ability to raise capital and growth.

388. Other than competition from South Korean imports, the industry did not raise any factors affecting domestic prices in terms of its current performance (with the anti-dumping duties in place). In respect of imports from South Korea, there is

evidence that low value imports from this source may have been a factor, other than the dumped goods from China and Malaysia, which have impacted negatively on Croxley's performance. There is no conclusive evidence that factors other than South Korean imports have impacted significantly on Croxley's performance.

Likelihood of Injury if Anti-dumping Duties are Removed

389. In order to gauge the extent to which the cessation of the anti-dumping duties would cause material injury to the domestic industry, the Ministry examined projections provided by Croxley of the injury it considers it will suffer as a result of the removal of the duties and has concluded that the projections provided by Croxley (including the assumptions underpinning the projections) are reasonable.

390. The Ministry has examined Croxley's projections in light of the company's past performance (with the duties in place) and projected future performance (both in the presence and absence of the duties) in order to assist it in determining the likely consequential economic impact of the dumped goods and in making either a negative or positive recurrence of material injury determination.

391. The Ministry has concluded there will likely be an increase in imports of diaries from China and Malaysia (if the duties are removed) resulting from the lower prices importers will be able to charge as a result of not having to incur anti-dumping duties. As a result, the lower-priced imports will likely undercut the New Zealand industry's prices, and based on Croxley's intended strategy to [REDACTED] in the face of rising costs, the company's sales volume (and market share), revenue, and profits for diaries will likely suffer as the imports gain a greater share of the New Zealand market.

392. The domestic industry's productivity, return on investments, capacity utilisation, cash flow, employment and wage levels, ability to raise capital and growth are likely to be materially affected as a direct consequence of the company suffering decreases in its profit levels.

393. On the basis of the totality of the information gathered, and having considered all the mandatory requirements of the Act and the Anti-dumping Agreement, the Ministry is satisfied that the domestic industry will suffer a recurrence of material injury if the anti-dumping duties on diaries from China and Malaysia are removed.

5. Conclusions

394. On the basis of the information available, it is concluded that the continued imposition of anti-dumping duties is necessary to prevent the continuation or recurrence of material injury to the New Zealand industry producing the subject goods.

395. As the outcome of this review indicates that anti-dumping duties should continue to be applied, the rate or amount of duty will need to be reassessed in accordance with section 14(6) of the Act. The reassessment of anti-dumping duties following the completion of a review is provided for by section 14(6) of the Act. The reassessment will be based on the information gathered during the review and will examine the proposed form and scope of the duties. A separate rate of duty will be applied to those exporters and manufacturers in respect of whom the review has concluded there is likely to be a continuation or recurrence of dumping should the duties be removed.

6. Appendix 1

396. A full copy of the Act and WTO Agreement on the Implementation of Article VI of the GATT 1994 (the Anti-dumping Agreement) can be found at:

<http://www.legislation.govt.nz/act/public/1988/0158/latest/DLM137948.html>

and

http://www.wto.org/english/docs_e/legal_e/19-adp.pdf

