

Ministry of **Economic
Development**



M a n a t ū Ō h a n g a

Non - Confidential Initiation Report

Dumping Application from Croxley Stationery Limited

Diaries from the People's Republic of China, Hong Kong, Indonesia, the Republic of Korea and Malaysia

Dumping and Countervailing Duties Act 1988

Trade Rules and Remedies
February 2007

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ABBREVIATIONS

The following abbreviations are used in this report:

2004 Yearbook	2004 Statistical Yearbook for Asia and the Pacific
Act	Dumping and Countervailing Duties Act 1988
Agreement	World Trade Organisation Agreement on Implementation of Article VI of the General Agreement Tariffs and Trade 1994
CBS	Certain Bound Stationery
Chee Wah	Chee Wah Corporation Berhad
China	The People's Republic of China
CNY	Chinese Yuan Renminbi
Croxley	Croxley Stationery Limited
Customs	New Zealand Customs Service
FOB	Free on Board
Global	Global Timeplan Limited
GST	New Zealand Goods and Services Tax (12.5%)
HKD	Hong Kong Dollar
Hong Kong	Special Administrative Region of Hong Kong China
IDR	Indonesian Rupiah
KRW	South Korean Won
Kurtovich	K Kurtovich Limited
Korea	Republic of Korea
Ltd	Limited
Ministry	Ministry of Economic Development of New Zealand
MYR	Malaysian Ringgit
NZD	New Zealand Dollar
oanda	www.oanda.com
PVC	Polyvinyl chloride
SKU	Stock Keeping Units
Statistics	Statistics New Zealand
USD	United States of America Dollars
VAT	Value Added Tax
YTD	Year to date

Executive Summary

Introduction

1. On 15 January 2007 the Ministry of Economic Development (the Ministry) received an application for a dumping investigation from Croxley Stationery Limited (Croxley).

Goods Subject to the Application

2. The imported goods covered by the application are:

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

3. Croxley claims that the above goods are being imported from the People's Republic of China (China), the Special Administrative Region of Hong Kong China (Hong Kong), Indonesia, the Republic of Korea (Korea) and Malaysia at dumped prices and are causing material injury.

Dumping

4. The assessing team is satisfied that Croxley has provided sufficient evidence of dumping for the purposes of initiation of an investigation. Croxley has provided information on export prices and normal values and from these has calculated dumping margins ranging from -35 per cent (not dumped) to 512 percent, expressed as a percentage of the export price.

Injury

5. Croxley has provided information on the material injury that it has experienced as a result of allegedly dumped imports from the territories under investigation primarily in the form of loss of sales volume, market share, sales revenue, and price undercutting, resulting in a decrease in gross profits.

6. Although the import volumes from Hong Kong, Indonesia and Korea individually account for less than three percent of the total imports of diaries into New Zealand, collectively imports from these countries exceed 7 percent of total imports and the relevant World Trade Organisation rules stipulate that an investigation may be initiated. Additionally, it is proposed that the injurious effects from the five territories subject to this investigation be assessed cumulatively provided that the competition conditions indicate this is suitable.

7. The assessing team is satisfied that, on the basis of the information provided by Croxley, there is sufficient evidence that the import volumes of the diaries have increased significantly, sales volumes and revenue have decreased, output has declined, prices are being undercut, and both market share and gross profits have declined.

8. Croxley has provided information to support its assertion that a causal link exists between the material injury it has suffered and the alleged dumping.

Conclusion

9. The assessing team is satisfied, based on the information reasonably available to Croxley, that sufficient evidence of dumping causing material injury to the New Zealand industry has been provided for the purposes of initiation of an investigation.

Recommendation

10. This report recommends that the Chief Executive initiate an investigation to determine both the existence and effect of any alleged dumping of diaries into New Zealand from China, Hong Kong, Indonesia, Korea and Malaysia.

1. Introduction

1.1 Application

11. On 12 January 2007 the Ministry of Economic Development (the Ministry) accepted a properly documented application from Croxley Stationery Ltd (Croxley), alleging that dumped imports of diaries from the People's Republic of China (China), the Special Administrative Region of Hong Kong China (Hong Kong), Indonesia, the Republic of Korea (Korea) and Malaysia were causing material injury to the New Zealand industry.

12. In accordance with section 10 of the Dumping and Countervailing Duties Act 1988 (the Act), the Ministry's Chief Executive may initiate an investigation to determine both the existence and effect of any alleged dumping of any goods on being satisfied that sufficient evidence has been provided that the goods are being dumped and, by reason thereof, material injury to an industry has been or is being caused.

13. *Kerry (NZ) Limited v Taylor*¹ determined that in order to initiate an investigation, there must be evidence beyond a mere assertion and of a nature and extent that indicate a likelihood of dumping and material injury, requiring investigation. The Court stated the application should be assessed with due scepticism, bearing in mind the commercial context, but emphasised that the assessment is one of sufficiency of evidence, not of dumping.

14. This report assesses the present application against the requirements of the Act to determine if adequate evidence has been presented to justify the initiation of an anti-dumping investigation.

15. Dumping is defined in sub-section 3(1) of the Act and is essentially price discrimination between markets. Dumping occurs when an exporter sells goods to New Zealand (export price) at a price less than the price charged in its domestic market (normal value). Adjustments are made to ensure that the comparison of these prices is fair.

1.2 Report Details

16. In this report years are ended December and values are in New Zealand Dollars (NZD) unless stated otherwise. In tables, column totals may differ from individual figures, or those in the application document, due to rounding.

1.3 Investigation Period

17. This report recommends that an investigation be initiated. Due to the timing of this report it is recommended that the period used to determine claims of dumping be

¹ *Kerry (NZ) Limited v Taylor* (1991) 2 PRNZ 393

the year ended 31 January 2007. This period is in accordance with New Zealand's preferred period for assessing dumping is twelve months².

18. Croxley claims that dumped diaries began injuring it in 2004 and caused serious material injury in 2005.

19. It should be noted that the inclusion of any information in this report does not indicate that the Ministry necessarily accepts that information or any conclusions arising from it. Any final determination of whether or not goods are dumped and causing injury can be made only after a full investigation has been carried out in accordance with the Act and the World Trade Organisation Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (the Agreement).

² Recommendation adopted by the World Trade Organisation Committee on Anti-Dumping Practices on 5 May 2000 (G/ADP/6)

2. Interested Parties

2.1 Basis of Application

20. The application for an anti-dumping investigation was made by Croxley. Croxley is a wholly owned subsidiary of Office Max Incorporated Limited (Ltd), a multinational company registered in the United States of America.

21. Croxley has identified two other New Zealand manufacturers; K Kurtovich Products Ltd (Kurtovich) and Global Timeplan Ltd (Global).

22. Croxley states that injury resulting from the importation of allegedly dumped diaries from China, Hong Kong, Indonesia, Korea and Malaysia commenced in 2005. Croxley had initially treated exports from Hong Kong as Chinese exports. Following the Ministry's notification that, as China and Hong Kong are separate customs territories, they need to be treated separately for the purpose of an anti-dumping investigation, Croxley confirmed that the application was intended to cover exports from Hong Kong and provided further detail around diaries originating from Hong Kong.

23. Croxley claims that as a result of the allegedly dumped diaries, material injury is resulting from:

- increased volumes of the allegedly dumped imports; and
- price undercutting;

that has resulted in:

- loss of market share;
- a decline in production levels;
- a decline in sales volumes; and
- a decline in gross profits.

2.2 Goods

24. The goods covered by the application are:

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

25. Croxley submits that diaries enter under the tariff item and statistical key shown in Table 2.1.

Table 2.1: Tariff Classification

48.2	Registers, account books, note books, order books, receipt books, letter pads, memorandum pads, diaries and similar articles, exercise books, blotting-pads, binders (loose-leaf or other), folders, file covers, manifold business forms, interleaved carbon sets and other articles of stationery, of paper or paperboard; albums for samples or for collections and book covers, of paper or paperboard:
4820.10.00	- Registers, account books, note books, order books, receipt books, letter pads, memorandum pads, diaries and similar articles
02J	. . Diaries

26. There is no applicable Normal Tariff rate for the above tariff item and statistical key.

27. Croxley states tariff item and statistical key 4820.10.00.02J includes diaries that are not subject to this application, such as dayplanners, which it has specifically excluded. Croxley provided a tariff classification ruling from the New Zealand Customs Service (Customs) that ruled dayplanners are correctly classified under tariff item and statistical key 4820.10.00.02J.

28. Croxley has not quantified the portion of total imports under 4820.10.00.02J that are not covered by this application. The volume of goods not considered to be subject goods will be determined in any investigation initiated.

2.3 Interested Parties

Exporters

29. The application covers diaries originating from China, Hong Kong, Indonesia, Korea and Malaysia.

30. Croxley stated that it is unable to identify the exporters of diaries from the countries subject to the application. Croxley provided a sample of the imported diaries, most of which do not display the names or contact details of the producer, importer or distributor.

31. The tables below list (in alphabetical order) the firms from the five territories subject to the application that exported diaries to New Zealand during the year ended 31 January 2007, as shown in the Customs data.

Table 2.2: Exporters of Diaries from China

3P Pty Ltd	Kelly Lane Design Art
Acco Australia Ltd	Kmart Pty
Achievement Industries (Hong Kong) Co Ltd	Kone Elevators Pty Ltd
Amway of Australia Pty Ltd	Lang Kuan Co Ltd
Arbor Toys Co Ltd	Lianyungang Hengtian International Trade
Arrow Electronics Australia Pty Ltd	Lianyungang Vilian International Trade Co Ltd

Aseps Sutherland	Libretto Holdings LLC
Atomic Fashion Marketing Pty Ltd	Lifetime Distributors
Austwide Wholesalers	Lion Production Ltd
Avon Products Pty Ltd	Macmillan Distribution Ltd
Bizzy Bee Publishing Ltd	Mary Kay Cosmetics Pty Ltd
Bright Ideas Enterprises Ltd	Mcp hail Sports Ltd
Browntrout Publishers Pty Ltd	NGT Executive Diary Centre
Capelle Australia Pty Ltd	Nici Asia Ltd
Castlespring Enterprises Ltd	Ningbo Texstar Trading and Industry Co Ltd
Cathay Pacific Airways Ltd	Olympia Diary (Singapore) PTE Ltd
Chung Kiu Resources Ltd	Olympia Publishing Pty Ltd
Cisco Systems	Pacific Enterprises Ltd
Climax Paper Converters Ltd	Pacific Network Cargo Global Logistics Ltd
Corporate Express Australia Pty Ltd	Pecoware Company INC
Country Road Clothing Pty Ltd	Playworks International
Creative Aspect Promotions Ltd	Plusfile Pty Ltd
CT Printing Ltd	Polyocean Trading Ltd
Cumberland Stationery Co Pty Ltd	Provo Craft & Novelty INC
Daiso Industries co. Ltd	Qingdao Haier Fengcai Printing Co
Dats Pty Ltd	Qingdao Zhongyu Integrity Internation Trade Co Ltd
Dollar and Sense	Quiksilver
Doward international Pty Ltd	Regent Publishing Services Ltd
Dragon Boat Ltd	Shanghai Ying Yuan Stationery Co Ltd
Esselte Australia Pty Ltd	Shanghai Youngline International Trading
Essential Industries Ltd	Shen Zhen Naduo Industry Co Ltd
Ezibuy Pty Ltd	Shenzhen Kang Hui Peng Industry Development
Famous Pacific Shipping (Hong Kong) Ltd	Sincere Stationery & Gift Co Ltd
Farfalla Trading Ltd	Sintex Trading Co
Flaming Rhino Design Pty Ltd	Te Neues Verlag Gmbh & Co
Fun'n Fashion Australia	The Five Mile Press Pty Ltd
Guangdong Youhe Trade-with-Taiwan Trading Co	The Novelty Warehouse
Guangzhou Xianda Kitchen & Bathroom Equipment Manufacturing	Tianjin Sande Imp & Exp Co. Ltd
Gulf Industry Co	Toppan Printing Co Hong Kong Ltd
Haier Sengcai Printing Ltd	Toshiba Australia Pty Ltd
Half Moon Bay Ltd	Ts Diary
Harvest Christian Products	Uncle Bills Ltd

Hills Industries Ltd	Universal magazines Pty Ltd
Holden Special Vehicles	Upa Press Sdn Bhd
Honour Join Ltd	Wenzhou Import & Export Corp China
Hong Kong and Shanghai Banking Corporation	Wenzhou Lucheng Foreign Trade Co Ltd
IMC Toys Hong Kong Ltd	WKT Co Ltd
IG Hong Kong Limited	Yiwu Foreign Economic Relations & Trade Co Ltd
Ja Ru (Hong Kong) Ltd	Yiwu Lianfa Industry & Trade Co
Jemark Imports Pty Ltd	Zhejiang Delixi Electrical Equipment Stock
John Sands (Australia) Ltd	Zhejiang Hongi Imp & Exp Trade Co Ltd

Table 2.3: Exporters of Diaries from Hong Kong

Birch Haberdashery	Plusfile Pty Ltd
Castlespring Ent. Ltd	Rich Domain Manufacturing Ltd
C&C Offset Printing Co Ltd	Sintex Trading Co
J A Davey Pty Ltd	Student Diaries – trading as Haze Media Pty Ltd
JDA Imports Pty Ltd	Tupperware Australia Pty Ltd
New Internationalist Publication	WKT Co Ltd
Ningbo Texstar Trading and Industry Co Ltd	

Table 2.4: Exporters of Diaries from Indonesia

Balinese Crafts
Collins Debden Pty Ltd
PT AW Faber-Castell Indonesia
Unagi Art Shop

Table 2.5: Exporters of Diaries from Korea

Amway of Australia Pty Ltd	Korean Calendar Co
Browntrout Publishers Pty Ltd	Sky Load Logistic
Collins Debden Pty Ltd	Somang Cosmetics Co Ltd
Dats Pty Ltd	Soo,Won Kim
Dong Nam Co, Ltd	Withus Corporation
liss Co Ltd	Yangjisa Co Ltd
Inktec Co Ltd	Young Ran Jang
Kia Motors Corporation	

Table 2.6: Exporters of Diaries from Malaysia

AT&T Global Information Solutions Pty Ltd	Guocera Tile Industries Sdn Bhd
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Bright Ideas Enterprises Ltd	Jasco Pty Ltd
Chee Wah Corp	Kmart Pty
Cumberland Stationery Co Pty Ltd	NM Paper Converting Sdn Bhd
CW Olympia Sdn Bhd	UPA Press Sdn Bhd
Ginhua PSN Printing (M) Sdn Bhd	

Importers


32. Croxley advises that it is unable to provide details regarding the names of importers for goods of Indonesian or Malaysian origin. However, one of the diaries provided as a sample displays that it is of Indonesian origin was sold by Kurtovich, another New Zealand manufacturer.

33. Based on the samples of imported diaries Croxley identified three businesses as importers of Chinese and Korean diaries. Table 2.7 shows details of the importers identified and their source country of origin.

Table 2.7: Importers Identified by Croxley

Name	Country
K Kurtovich Ltd, Onehunga, Auckland	Indonesia
Professional Stationery Ltd, Takapuna, Auckland	Korea
The Warehouse Ltd, Northcote, Auckland	China
Warehouse Stationery Ltd, Auckland	China

34. Croxley advises that The Warehouse Ltd imports Pro Stat branded diaries, Warehouse Stationery Ltd imports Impact branded diaries and Professional Stationery Ltd has imported an 'Avondale Diary 2007'. Croxley has not provided any more information on the importers.

35. Croxley has also identified that it is an importer of diaries specifying  types of diaries it imports and provided some limited information on its imported diaries. Most of the diaries imported by Croxley are dayplanners and not subject to the application.

36. Table 2.8 lists (in alphabetical order) the importers of diaries from China, Hong Kong, Indonesia, Korea and Malaysia as shown in the Customs data for the year ended 31 January 2007.

Table 2.8: Importers

2 Boys Trading Ltd	John Sands (NZ) Ltd
2 ND Nature Ltd	Karen Janet Mills

ACCO International Ltd	Keonz Ltd
ACCO New Zealand Ltd	Kia Motors New Zealand Ltd
Active Media Ltd	King Star Holdings Ltd
Allied Distributors NZ Ltd	Kiwi Books Ltd
American Express International (NZ) Inc	Kmart New Zealand
Amway of New Zealand Ltd	Kone Elevators Pty Ltd
Antics Marketing Ltd	Korbond Industries Ltd
Arrow Components NZ Ltd	Lincoln Park Markets Ltd
Artbox Auckland Ltd.	Mary Kay Cosmetics Pty Ltd
ASEPS Pty Ltd	Melric International Ltd
Associated Retailers (NZ) Ltd	Milli R Ltd
Auckland Korean Catholic Community	Morning Glory Christchurch trading as Eun Mi Ji & Seonghun Ji
August Dean NZ Ltd	MTP Wholesale Imports Ltd
Avon Cosmetics Ltd	NCR Ltd
AW Faber Castell Ltd	New Internationalist Ltd
Aye New Zealand Ltd	NGT (New Zealand) Pty Ltd
(Beauty Credit (Oceania) Ltd) trading as Beauty Credit	NZ Post Distribution
Bennetts, G M & N A trading as B & B Marketing	Oma Investments Ltd
Bernie's Bazaar	Origin Imports Ltd
Birch Haberdashery & Craft Ltd	Pacific Network Cargo Ltd
Blue Stripe Wholesale (NZ) Ltd	Persia Ltd
Brown Trout Publishers Pty Ltd	Pharmacy Retailing (NZ) Ltd
Calendar Club New Zealand Ltd	Premier Books Ltd
Cathay Pacific Airways Ltd	Pumpkin Patch Ltd
CEMC Tile Warehouse Ltd	R&V International Ltd
Chris Beckett Ltd	RD1 Ltd
Cisco Systems NZ Ltd	Reel Papers Ltd
Corporate Express NZ Ltd	Ritex International Ltd
Country Road Clothing NZ Ltd	(Graham Ross trading as) Roka Giftware Agencies
Crippz Ltd.	Rose (NZ) Ltd
Croxley Stationery Ltd	Sanzi Imports Ltd
Customs Agents Wellington Ltd	Shynday International Ltd
Dart Industries NZ Ltd	Signature Promotions Ltd
Distribution Concepts Ltd	Sims Distributing Company (division of Puraclene Products (NZ) Ltd)
Dollars and Sense NZ Ltd	(Adrenalin Consultants Ltd trading as) Small

	Acorns
Eagle Stationery NZ Ltd	South East Resources (2001) Ltd
Esselte New Zealand Ltd	Southern Publishers Group Ltd
EziBuy Ltd	Stewarts Sales & Services
Famous Pacific Shipping (NZ) Ltd	(Haze Media Pty Ltd trading as) Student Diaries
Fancyworld trading as Seong Hun JI & Eun Mi Jung JI	Sweetpea Marketing Ltd
First Choice Marketing	Tasman Industries Ltd was Tasman Laminating Ltd
Frameworks 2004 Ltd	The Hong Kong and Shanghai Bank Corp Ltd
Fujino International Ltd	The Warehouse Ltd
Gift Art trading as Kyung Soo JUNG	Top Mark Trading Ltd
Global Playtech Ltd	Toshiba Australia Pty Ltd
GPH Society Ltd	Toucan Territory Ltd
Greenstar Wholesale Holding Ltd	UG Manufacturing Co. (NZ) Pty Ltd
Hillcrest Promotions Ltd	Uncle Bills (New Zealand) Ltd
Hills Industries Ltd	Urban Imports Stationery Ltd
Holden Special Vehicles - Premoso Pty Ltd	W.S. Stoddart & Co Ltd
Incentives 2 Ltd	Whitcoulls Ltd
Inktec (NZ)	Xiang LI
Jasco Pty NZ Ltd	Young Ran Jang & Young hae Jang
Jewellery Distributors of New Zealand Ltd	

37. Only one of the importers identified by Croxley appears as an importer in Table 2.8, which indicates these companies may not be importing, or at least doing so directly. Any investigation will determine the relevant importers.

38. Customs data shows that diaries are in some cases exported to New Zealand from a third country. Diaries originating from China were exported to New Zealand either directly from China, or via Australia, Germany, Hong Kong, Japan, the United Kingdom and the United States of America. Diaries originating from Hong Kong were exported to New Zealand either directly from Hong Kong or via Australia, China and the United Kingdom. Diaries originating from Indonesia were exported to New Zealand either directly from Indonesia or via Singapore. Diaries originating from Korea were exported to New Zealand either directly from Korea or via Australia. Diaries originating from Malaysia were exported to New Zealand either directly from Malaysia or via Australia.

39. Any investigation will need to identify the relevant manufacturer in China, Hong Kong, Indonesia, Korea or Malaysia of the diaries and establish whether the exporter that appears in the Customs data is a manufacturer or solely an exporter. Whether there are any intermediary sales in the supply chain between the original manufacturer in the country of origin and the exporter that shipped the CBS to New Zealand will also need to be established.

Imports Originating from other Countries

40. For the year ended 31 January 2007, the proposed period of investigation, Customs data shows that diaries were imported from the countries listed in Table 2.9, in addition to those territories subject to the application.

Table 2.9: Imports from other Countries

Australia	Japan
Austria	Netherlands
Belgium	Norway
Brunei Darussalam	Singapore
Canada	South Africa
Denmark	Sweden
Finland	Switzerland
France	Taiwan
Germany	Thailand
India	United Kingdom
Italy	United States of America

2.4 Imported Goods

41. Croxley provided a sample of the allegedly dumped diaries from China, Hong Kong, Indonesia, Korea and Malaysia, most of which display the country of origin.

42. Beyond the description of the goods subject to the application, Croxley states that the sample of imported diaries provided contains a written record of daily/weekly/yearly events, appointments, reference material and observations, and are either in A5 or A4 sizes. Table 2.10 illustrates some features of the sample.

Table 2.10: Details of Imported Diaries (Sample)

Country of Origin	Size	Brand	Cover	Features	Bar Code	Purchased From
Unknown	A4	Impact	Hard	1 day per page, ribbon marker, full day Saturday/Sunday	9 418363 855526	Warehouse Stationery Ltd
China	A5	No brand	Hard	1 day per page, ribbon marker, full day Saturday/Sunday	9 401025 108183	The Warehouse Ltd
Indonesia	A5	Chocolate Fish	Hard	1 day per page, ribbon marker, full day Saturday/Sunday	9 415890 037189	Whitcoulls
Korea	A5	Avondale	Soft	Week to an opening, ribbon marker	9 311192 070001	The Warehouse Ltd

Malaysia	A5	Code 51CF	Hard	1 day per page, ribbon marker, full day Saturday/Sunday	8 888033 242145	Paper Plus
Unknown	A5	Impact	Hard	1 day per page, ribbon marker, full day Saturday/Sunday	9 418362 855656	Warehouse Stationery Ltd
Unknown	A4	Impact	Hard	1 day per page, ribbon marker, full day Saturday/Sunday	9 418362 855526	Warehouse Stationery Ltd

2.5 New Zealand Production of “Like Goods”

43. Croxley produces a range of diaries that allow for a written record of daily/weekly/yearly events, appointments, reference materials and observations.

44. Croxley considers that the diaries it produces are not like in all respects to the diaries from China, Hong Kong, Indonesia, Korea and Malaysia but do have characteristics that closely resemble the imported goods. Consideration as to whether Croxley produces “like goods” to the diaries imported from China, Hong Kong, Indonesia, Korea and Malaysia is discussed below.

45. Croxley provided its Collins diary catalogue and a sample of its diaries. Key specifications of the sample goods are shown in Table 2.11.

Table 2.11: Details of Croxley Diaries

Size	Brand	Cover	Features	SKU Code	Bar Code
A5	Office Products Depot Blue	Hard	1 day per page, ribbon marker, full day Saturday/Sunday	436068	9 414952 105156
A4	Collins A4-1 Black	Hard	1 day per page, ribbon marker, full day Saturday/Sunday	438110	9 414952 101233
A4	Collins A4-1 Blue	Hard	1 day per page, ribbon marker, full day Saturday/Sunday	438112	9 414952 101226
A5	Collins A5-1 Blue	Hard	1 day per page, ribbon marker, full day Saturday/Sunday	438116	9 414952 101257

46. From the catalogue, the assessing team identified a total of 113 Stock Keeping Units (SKU), of which 108 appeared to fit the goods description in paragraph 24. This excludes deskplanners, wallplanners, desk refills and stands.

47. The letters “NZ” appear against the product names of 71 different SKUs in the Croxley catalogue. The Ministry is unsure what the letters refer to including whether they indicate New Zealand manufacture. Most of Croxley’s diaries are sold under the “Collins” brand with the remainder accounted for by ‘customer special’ orders, such as those manufactured for the [REDACTED].

48. Croxley states that it imports [REDACTED] different diaries, but has not identified these products in any detail, or commented on whether it considers the imported goods are competing with or complementary to those that Croxley manufacture.

49. In identifying which goods produced in New Zealand are like goods to diaries from China, Hong Kong, Indonesia, Korea 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.

Physical Characteristics

50. Assessing the physical characteristics involves looking at the appearance, size and dimensions, composition of the product and the production methods and technology utilised to create it.

Size, Dimensions and Composition of Product

51. Croxley has advised that the physical characteristics of its diaries are practically identical in all respects to the imported diaries from the countries subject to the application.

52. Table 2.10 shows some of the specifications of the imported diaries and Table 2.11 shows the diaries manufactured by Croxley against the same criteria. Comparison between the two tables shows that the samples provided have similar size dimensions, composition and features.

53. The assessing team has attempted to reconcile the sample of Croxley's diaries with its financial information to establish what proportion of its total sales of like goods the sample represents. This was not possible from the information provided in the application.

54. As part of its material injury evidence, Croxley has provided information relating to undated appointment books (product code M16M). Croxley has advised that undated appointment books are a type of diary and therefore are like goods to those covered by the application.

Production Method

55. Croxley advises that it believes the production method used for the diaries imported from China, Hong Kong, Indonesia, Korea and Malaysia diaries would be similar to that it employs.

56. Croxley states that the principal stages in manufacturing diaries include: printing or blocking the covers; printing the paper with dates, days, weeks, months and, years (as relevant); cutting into sheets; folding into sections; stacking to desired sequence; binding by sewing, stapling or gluing; and packing.

Function and Usage

57. Function and usage covers consumer perceptions, and expectations, and end uses, which can assist in reaching conclusions regarding substitutability where relevant.

58. Croxley states that diaries from China, Hong Kong, Indonesia, Korea and Malaysia are intended for written records of daily or weekly or yearly events, appointments, reference material and observations.

59. Matters relating to function and usage, such as whether any distinctions exist between the varying types of diaries will need to be considered further if an investigation is initiated.

Pricing Structures

60. Some products are differentiated by the level at which they are priced to end users, while others are distinguished by the costs that are built into the pricing structure or the way in which prices are set.

61. Croxley provided its prices to [REDACTED]. This Croxley ex-factory price has been compared with the ex-importers store prices Croxley has constructed. Additionally, Croxley has compared the retail prices of its goods with those for the Impact branded diaries purchased from The Warehouse Ltd. These comparisons appear from Table 4.2 below.

62. Both of the methods used to compare the sample of imported goods with those manufactured by Croxley show mixed results. Some price comparisons are very similar, while others have a substantial differential. At present the information on pricing structures for the imported diaries and those manufactured by Croxley is insufficient to contribute to any like goods conclusions.

Marketing

63. Marketing considerations include: the distribution channels used; customers (both actual and targeted); branding; and advertising.

64. Croxley states that the channels of distribution for its products are similar to the channels used for imported diaries from China, Hong Kong, Indonesia, Korea and Malaysia. Croxley states that there are three main channels for the supply of diaries in New Zealand: stationery retailers (e.g. Paper Plus); contract suppliers to large corporations (e.g. Office Products Ltd); and corporate customers for individual products (e.g. Auckland Educational Supplies).

65. Apart from Impact branded diaries sold via Warehouse Stationery Ltd (which Croxley considers originate from China), the majority of the imported diaries appear to either be unbranded or a brand that is not well known in the New Zealand market. By contrast Croxley's diaries are mostly sold under the Collins brand, or manufactured to order as what Croxley term a 'customer special' diary.

66. One of the imported diaries provided as a sample has a chocolate fish on the cover, a popular kiwiana motif, which distinguishes it from the other sample diaries, which all have single block colour covers. Any investigation will need to further consider whether Croxley makes 'designer' diaries, and if not if the diaries that it does manufacture are like goods to the designer diaries that are imported such as the 'chocolate fish' diary.

67. While branding does not seem to be a prominent feature for differentiating the imported diaries from competing products, they all appear to be marketed using a standard size convention (e.g. A4 or A5) and with reference to the print layout (e.g. day or week per page). These physical characteristics are also used by Croxley to market its diaries, but branding seems to differentiate many of the domestically produced diaries from those subject to the application.

68. The physical characteristics of the diaries manufactured by Croxley and those imported from China, Hong Kong, Indonesia, Korea and Malaysia, are used in marketing the products, but it appears that branding is emphasised with many of the New Zealand manufactured diaries.

Tariff Classification

69. Croxley provided the tariff item and statistical key under which it considers the diaries from China, Hong Kong, Indonesia, Korea and Malaysia would enter (see Table 2.1). While there is a distinct statistical key for diaries, as noted in paragraph 27 above, Croxley has advised that it would cover some items, namely dayplanners, which are not covered by this application.

70. Croxley has not specifically stated which tariff classification its own products would have, or under which it makes any exports. However, based on the information and samples provided, it appears that Croxley would use the same classification it has allocated to diaries from China, Hong Kong, Indonesia, Korea and Malaysia.

Other

71. Croxley has not provided any information on other items that would assist in the assessment of like goods.

Conclusions Relating to Like Goods

72. Croxley considers that the goods it produces are not like in all respects to the imported diaries but they have characteristics that very closely resemble the imported products.

73. Based on the criteria set out above and for the purpose of initiating an investigation, the assessing team concludes that the goods produced by Croxley, while not identical to the diaries from the countries under investigation in all respects, have characteristics closely resembling them and are, therefore, like goods.

2.6 New Zealand Industry

74. The requirements of section 10 of the Act must be met before an investigation can be initiated. This includes a requirement that an application is supported by New Zealand manufacturers representing at least 25 per cent of the production of like goods. In addition at least half of the New Zealand manufacturers (by production volume) that have provided written comment on the application must be in support of the application.

75. Croxley estimates the New Zealand market for diaries is 1.18 million units. Croxley considers its manufacturers [REDACTED] per cent of all diaries produced in New Zealand, that [REDACTED] per cent is manufactured by Global and Kurtovich manufacture the remaining [REDACTED] percent.

76. Croxley has allocated domestic production percentages using market intelligence gathered by its sales team, but has not provided any supporting evidence.

77. Croxley advises that Global produces 'Biz Pro' promotional products and 'Global Timeplan' branded diaries.

78. Kurtovich is an Onehunga based firm that Croxley states manufactures "a variety of stationery and packaging goods, including a selective range of diaries and note books".

79. The New Zealand producers of diaries and their estimated production volumes (with the exception of Croxley figures which are actual) are shown for year ended 31 December 2006 in Table 2.12.

Table 2.12: New Zealand Industry

Producer	Units	Percentage
Croxley	[REDACTED]	[REDACTED]%
Global	[REDACTED]	[REDACTED]%
Kurtovich	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100%

80. As Table 2.12 shows it is estimated that [REDACTED] percent of the total New Zealand industry supports the application, which meets the standing requirements of sub-section 10(3) of the Act.

3. Evidence of Dumping

81. Croxley has not provided any actual export prices of the allegedly dumped goods. This information is often difficult to obtain as it is confidential between the New Zealand importer and the foreign manufacturer or exporter.

Exchange Rates

82. Where necessary currencies have been converted into those of the country of origin using the interbank exchange rates as published at www.oanda.com (oanda). The exact exchange rates used are listed in the relevant paragraphs below.

3.1 Export Prices

83. In lieu of actual prices Croxley has estimated export prices using three methods. The first, used for diaries from Korea and Malaysia, uses quoted prices from an exporter in the relevant country. No deductions have been made from the quotes as they are a free-on-board (FOB) price.

84. The second, applied to diaries from China and Indonesia, uses a deductive method beginning with New Zealand retail prices, exclusive of goods and services tax (GST), as a base and makes adjustments back to the FOB price at the relevant export port, being Shanghai, China or Jakarta, Indonesia.

85. For diaries from Hong Kong, Croxley has used the export prices it has obtained relating to China and Korea, on the basis that these are proximate comparisons, geographically and economically.

China

86. Croxley purchased an unbranded A4 diary from The Warehouse Ltd on 20 November 2006 that displays it was made in China. Croxley has provided the diary and receipt for its purchase.

87. Croxley also purchased an Impact branded A5 diary from Warehouse Stationery Ltd on 11 December 2006, which has been provided to the Ministry with the sales receipt. This diary does not show country of origin, however, Croxley believes it is made in China. No evidence was provided to support this origin assumption.

88. Croxley has not made any comment on whether it considers these diaries to be representative of the types and price level of diaries being imported from China.

89. Base prices for China are NZD [REDACTED] and NZD6.50 per diary.

Hong Kong

90. Export prices for Hong Kong were established using the methods used in relation to both China, as discussed above, and Korea, as discussed from paragraph 97.

91. To gauge the reasonableness of this approach the assessing team has compared the average value of diaries imported to New Zealand during the proposed period of investigation from China, Korea and Hong Kong. The average VFD of diaries from Hong Kong was NZD [REDACTED], which is 4 percent lower than Korea at NZD [REDACTED] but 159 percent higher than China at NZD [REDACTED]. The comparison indicates that Korean export prices seem to be a more appropriate base price than those from China, however the comparison used is a simple average of imports and has not attempted to account for any variations in the product mix. Therefore export prices for both China and Korea have been used.
92. The base prices for Hong Kong diaries range from NZD [REDACTED] to [REDACTED] per diary.

Indonesia

93. Croxley purchased a designer 'chocolate fish' diary from Whitcoulls on 14 December 2006 that was made in Indonesia and appears to be imported by Kurtovich. Croxley provided a receipt and the diary from this purchase.
94. Croxley has not made any comment on whether it considers this diary to be representative of the types and price level of diaries being imported from Indonesia.
95. The base price for Indonesian diaries is NZD17.78 per diary.
96. The assessing team notes that the base Indonesian price seems to be high in comparison to the other base prices established and that a premium appears to be included in the retail price. It is unlikely, however, that this premium exists to the same extent further up the supply chain. Any investigation will seek export prices directly from the manufacturers, exporters and importers involved but if primary source data is not obtained, consideration will need to be given to whether using what appears to be a premium retail price for a base export price is suitable. If this premium does exist, any dumping margin that is calculated from this base price will be understated.

Korea

97. Croxley provided an email quotation from [REDACTED], a Korean manufacturer and supplier of stationery products. The quote covers a range of products including A4 diaries. The quote is in United States of America dollars (USD) and based on a purchase of 55,000 units. The assessing team assumes this quantity equates to three full container loads of A4 diaries (based on information provided with the application). Croxley has not provided any information on whether this quantity is a typical order volume for one year and a sound basis for estimating actual purchases but would appear to be a substantial importation when compared to the volumes of imports, both of single shipments and annual purchases, in the Customs data. As the quote is FOB port Busan, no adjustments have been made to the base price. To calculate an export price Croxley has converted the per unit quote price of USD [REDACTED] into South Korean Won (KRW) using the oanda interbank exchange rate as at 27 December 2006 of 1USD= KRW 945.090. This equates to KRW [REDACTED] per diary.

98. In addition Croxley purchased an Avondale branded A5 diary from The Warehouse Ltd that displays it is of Korean origin for NZD6.21 that the assessing team has also used as a base price.

99. Base prices for Korean diaries are KRW [REDACTED] and NZD6.21 per diary.

Malaysia

100. Croxley provided an email quotation from [REDACTED], a Malaysian [REDACTED]. The quote covers a range of products including A4 diaries. Like the Korean quote, the Malaysian quote is in USD and based on a purchase of 55,000 units. As the quote is FOB port Penang no adjustments have been made to the base price. To calculate an export price Croxley has converted the per unit quote price of USD [REDACTED] to Malaysian Ringgit (MYR) using the oanda interbank exchange rate as at 7 December 2006 of 1USD=MYR3.56343. This equates to MYR [REDACTED] per diary.

101. In addition Croxley purchased an unbranded A5 diary from Paper Plus that displays it is of Malaysia origin for NZD26.66 that the assessing team has used as a base price.

102. Base prices for diaries of Malaysian origin are MYR [REDACTED] and NZD26.66 per diary.

Adjustments

103. Where the base price is a New Zealand retail price it has been adjusted as follows.

Retailer's Margin

104. Croxley has made an adjustment for a retailer's margin at [REDACTED] per cent of the base price. Croxley's [REDACTED] a [REDACTED] with the [REDACTED] provided this figure [REDACTED] industry experience.

105. Adjustments for a retailer's margin range from NZD [REDACTED] to NZD [REDACTED].

Wholesaler's Margin

106. Croxley has made an adjustment for a wholesaler's margin at [REDACTED] per cent of the retail price. Croxley has stated that it estimated this adjustment using [REDACTED] industry knowledge.

107. Adjustments for a wholesaler's margin range from NZD [REDACTED] to NZD [REDACTED].

Importer's Margin

108. Croxley has made an adjustment for an importer's margin of [REDACTED] per cent of the wholesale price. Croxley has stated that it estimated this adjustment using [REDACTED] industry knowledge.

109. Adjustments for an importer's margin range from NZD [REDACTED] to NZD [REDACTED] per unit.

Overseas Freight and Insurance

110. Croxley provided estimates from [REDACTED] dated December 2006 for freight related costs from FOB Shanghai, China and Jakarta, Indonesia to in-to-store Auckland. The estimates are based on a full 20 foot container of either A5 or A4 sized diaries. Details of these estimates are shown below, with adjustments for overseas freight and insurance ranging from NZD [REDACTED] to NZD [REDACTED]. For the A5 diary of Korean origin the freight adjustment is that used for diaries of Chinese origin, given it is the most comparable location of the other countries subject to the application and no Korean specific freight quote was provided.

111. Freight costs for Hong Kong have been established on the same basis as for Chinese and Korean exports, i.e. using shipping costs from Shanghai, China in the absence of specific port costs, from Hong Kong.

112. Table 3.1 shows the costs of cartage and clearance and freight costs for a 20 foot container from port Shanghai, China.

Table 3.1: Chinese Freight Costs (NZD)

Charge	Amount
Cartage to Importer Store	[REDACTED]
Importers clearance/handling costs	[REDACTED]
Overseas freight	[REDACTED]
Other Charges	[REDACTED]
Total	[REDACTED]

113. An adjustment has been made by Croxley based on 40,000 A5 diaries or 16,500 A4 diaries per container, being an adjustment of NZD [REDACTED] and NZD [REDACTED] per diary respectively.

114. Table 3.2 shows the costs of cartage and clearance and freight costs for a 20 foot container from port Jakarta, Indonesia.

Table 3.2: Indonesian Freight Costs (NZD)

Charge	Amount
Cartage to Importer Store	[REDACTED]
Importers clearance/handling costs	[REDACTED]
Overseas freight	[REDACTED]
Other Charges	[REDACTED]
Total	[REDACTED]

115. An adjustment has been made based on 40,000 A5 diaries or 16,500 A4 diaries per container, being an adjustment of NZD [REDACTED] and NZD [REDACTED] per diary respectively.

116. Table 3.3 shows the costs of cartage and clearance and freight costs for a 20 foot container from port Penang, Malaysia.

Table 3.3: Malaysian Freight Costs (NZD)

Charge	Amount
Cartage to Importer Store	[REDACTED]
Importers clearance/handling costs	[REDACTED]
Overseas freight	[REDACTED]
Other Charges	[REDACTED]
Total (per 20 foot container)	[REDACTED]

117. The information in Table 3.3 is based on the evidence provided by Croxley for an application for an anti-dumping investigation on certain bound stationery (CBS) from Malaysia. An adjustment has been made based on 40,000 A5 diaries or 16,500 A4 diaries per container, being an adjustment of NZD [REDACTED] and NZD [REDACTED] per diary respectively.

Calculation of Export Prices

118. Tables 3.4 to 3.8 calculate export prices using the base prices and adjustments outlined above.

Table 3.4: Chinese Export Prices (NZD)

Size	Base price	Retailer's margin	Wholesaler's margin	Importer's margin	Freight	Export price	Export price (CNY)
A5	7.10	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A4	6.50	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

119. To convert the export price into Chinese Yuan Renminbi (CYN) the oanda interbank exchange rate as at 7 December 2006 of NZD1=CNY5.36953 has been used.

Table 3.5: Hong Kong Export Prices (NZD)

Size	Base price	Retailer's margin	Wholesaler's margin	Importer's margin	Freight	Export price	Export price (USD)	Export price (HKD)
A5 1DTP	7.10	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

A4	6.50							
A4								
A5	6.21							

120. To convert the export price into Hong Kong Dollars (HKD), the oanda interbank exchange rate as at 31 December 2006 of NZD1=HKD 5.48 has been used.

Table 3.6: Indonesian Export Prices (NZD)

Size	Base price	Retailer's margin	Wholesaler's margin	Importer's margin	Freight	Export price	Export price (IDR)
A5	17.78						

121. To convert the export price into Indonesian Rupiah (IDR), the oanda interbank exchange rate as at 7 December 2006 of NZD1=IDR6,254.29 has been used.

Table 3.7: Korean Export Prices (NZD)

Size	Base price	Retailer's margin	Wholesaler's margin	Importer's margin	Freight	Export price	Export price (USD)	Export price (KRW)
A4								
A5	6.21							

122. In converting the export price to KRW the exchange rate referred to in paragraph 97 and the oanda interbank exchange rate as at 7 December 2006 of NZD1=KRW648.26, have been used.

Table 3.8: Malaysian Export Prices (NZD)

Size	Base price	Retailer's margin	Wholesaler's margin	Importer's margin	Freight	Export price	Export price (USD)	Export Price (MYR)
A4								
A5	26.66							

123. In converting the export price in NZD to MYR the exchange rate referred to in paragraph 100 and the oanda interbank exchange rate as at 7 December 2006 of NZD1=MYR2.44262, have been used.

3.2 Normal Values

124. Croxley states that it is unable to provide any price lists or invoices regarding domestic sales in China, Hong Kong, Indonesia, Korea or Malaysia and has calculated normal values based on the best available information.
125. Croxley has calculated normal values using two methods, constructing normal values based on its own costs to manufacture and using established export prices as a starting point.
126. In several instances of calculating normal values Croxley has used information relating to exercise books, in particular from its CBS dumping application. Croxley considers that exercise books are part of the same “general stationery field” as diaries and that any profit uplifts or discounts that apply to exercise books “in all probabilities also apply to diaries”.
127. Croxley has not used its own information to show the reasonableness of using exercise books as a basis for diaries nor has it provided any further information on the “general stationery field” that exercise books and diaries share.

China

128. Croxley provided correspondence with [REDACTED] a Chinese [REDACTED] dated October 2006, which states that prices of exercise books in China would be 20 to 30 per cent higher than export prices. This approach presumes dumping by essentially applying a domestic market premium, however it is based on information supplied from a Chinese business. If no primary source data is received from Chinese manufacturers if an investigation is initiated, consideration should be given to comparing the normal values achieved under this method with an alternate normal value calculated using Croxley’s costs to manufacture (as used for Hong Kong, Indonesia and Korea).
129. The correspondence referred to in the preceding paragraph also specifies that a 17 per cent value added tax (VAT) applies to domestic market sales and that a 13 per cent tax reimbursement applies to exports of exercise books.
130. Based on this information Croxley has increased the export prices by 25 per cent using the midpoint of the range given by [REDACTED]. Croxley has not made an adjustment for the VAT or export rebate. If an investigation is initiated consideration will have to be given to the details of the export rebate and whether an adjustment should be made.
131. The normal value base prices range from CNY [REDACTED] to CNY [REDACTED] per diary.

Hong Kong

132. Croxley has calculated normal values for Hong Kong based on its own costs to manufacture an A4 diary.

133. Croxley provided a breakdown of its costs to manufacture a [REDACTED] unit batch of diaries as at December 2006. The total per unit cost is comprised of NZD [REDACTED] for overheads, NZD [REDACTED] for materials and NZD [REDACTED] for labour.
134. Croxley considers that the overheads and material costs in Hong Kong would be similar to its own and therefore no adjustment has been made to these amounts. However, Croxley considers that it is appropriate to adjust the labour component costs. To do this Croxley has calculated the labour time necessary to manufacture a single diary ([REDACTED]) and applied that to the average Hong Kong manufacturing wage rate for 2006. Using the 2004 Statistical Yearbook for Asia and the Pacific (2004 Yearbook) the 2006 wage rate has been estimated by averaging the wage rates from 2000 to 2003, as wage rates fluctuated over this period. The labour component of the constructed normal value is HKD [REDACTED].
135. The New Zealand manufacturing overheads and materials component costs have been converted to HKD using the exchange rate shown in paragraph 120. The normal value base price for diaries from Hong Kong is HKD [REDACTED] per diary.

Indonesia

136. For Indonesia, Croxley calculated a normal value using the same method as for Hong Kong but using the applicable Indonesian manufacturing wage rate. The 2006 Indonesian wage rate has been estimated using a multiplier based on the wage trend from 1998 to 2001 published in the 2004 Yearbook. This is distinct from the approach taken for Hong Kong but the Indonesia wage rate growth over that period has been consistent, which would be expected with the economic profile of Indonesia. Croxley has calculated the labour component as IDR [REDACTED].
137. The New Zealand manufacturing overheads and materials component costs have been converted to IDR using the exchange rate shown in paragraph 121. The Indonesian normal value base price is IDR [REDACTED] per diary.

Korea

138. For Korea, Croxley has calculated a normal value using the same method as for Hong Kong but using the applicable Korean manufacturing wage rate. The 2006 wage rate has been estimated using a multiplier based on the wage trend from 2001 to 2003. Again this is distinct from the approach taken for Hong Kong but the Korean wage rate growth over that period has, as for Indonesia, been consistent. Croxley has calculated that the labour component is KRW [REDACTED] per diary. Croxley converted overhead and material costs to KRW using an exchange rate of NZD1=KRW648.260.
139. The normal value base price is KRW [REDACTED] per diary.

Malaysia

140. For Malaysia, Croxley has added a set percentage onto the export price to calculate normal values, as it did for prices on the domestic market in China. The comments in paragraph 128 regarding the reasonableness of this method are also relevant for Malaysia.

141. The percentage increase has been based on the alleged average dumping margin calculated in the application for an anti-dumping investigation on CBS from Malaysia of 43.63 percent.
142. In its application for an anti-dumping investigation on CBS from Malaysia Croxley provided the Chee Wah Corporation Berhad (Chee Wah) catalogue and Malaysian domestic price list that includes diaries. The assessment team has identified two diaries that appear to be of the type covered by the application, or very similar to those goods.
143. The first is a P6 size daily diary (product code CA3951) that is listed at MYR6.50. The second is a P5 size Polyvinyl chloride Management diary (product code CA3953) that is listed at MYR10.00. The P5 diary is very close in size to an A5 diary and the P6 diary is smaller than an A5 diary. Therefore, the P5 price has been used as an indicative normal value and has been compared against both A4 and A5 export prices.
144. The normal value base prices range from MYR [REDACTED] and MYR [REDACTED].

Adjustments

145. Base prices for Hong Kong, Indonesia and Korea have been increased by a profit margin, or uplift, of [REDACTED] percent of the base price. Croxley has not provided any evidence supporting this adjustment, however considers such an adjustment to be a reasonable commercial estimate for the profit or return that would be included in a products price for the purposes of initiation of an anti-dumping investigation.
146. The Malaysian base price, established from the Chee Wah price list has been reduced by a [REDACTED] percent discount. This adjustment is consistent with that identified in the CBS application applying to Malaysian domestic sales made by Chee Wah for CBS products, on the basis that Croxley has identified diaries and CBS as being in the same "general stationary field".

Calculations of Normal Values

147. The tables below illustrate the calculated normal values using the base prices and adjustments outlined above.

Table 3.9: Chinese Normal Values per Diary (CNY)

Size	Export Price	25% Increase	Normal Value
A5	[REDACTED]	[REDACTED]	[REDACTED]
A4	[REDACTED]	[REDACTED]	[REDACTED]

Table 3.10: Hong Kong Normal Values per Diary (HKD)

Size	Materials (NZD)	Overhead (NZD)	Materials &	Labour	[REDACTED] % Profit	Normal Value

			Overhead			
A4						

Table 3.11: Indonesian Normal Values per Diary (IDR)

Size	Materials (NZD)	Overhead (NZD)	Materials & Overhead	Labour	% Profit	Normal Value
A4						

Table 3.12: Korean Normal Values per Diary (KRW)

Size	Materials (NZD)	Overhead (NZD)	Materials & Overhead	Labour	% Profit	Normal Value
A4						

Table 3.13: Malaysian Normal Values per Diary (MYR)

Size	Base Price	43.63% Increase	% Discount	Normal Values
A4				
A5				
P5				

3.3 Dumping Margins

148. The tables below show the calculated dumping margins per diary based on the export prices and normal values calculated above. The dumping margins range from -35 per cent (not dumped) to 512 per cent (expressed as a percentage of the export price).

Table 3.14: Chinese Dumping Margins (CNY)

Size	Export Price	Normal Values	Dumping Margin	DM as % of EP
A5 1DTP				25%
A4 1				25%

Table 3.15: Hong Kong Dumping Margins (HKD)

Size	Export Price	Normal Values	Dumping Margin	DM as % of EP
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A5 1DTP				405%
A4				512%
A4				70%
A5				483%

Table 3.16: Indonesian Dumping Margins (IDR)

Size	Export Price	Normal Values	Dumping Margin	DM as % of EP
A5				79%

Table 3.17: Korean Dumping Margin per Diary (KRW)

Size	Export Price	Normal Values	Dumping Margin	DM as % of EP
A4 DTP				53%
A5				439%

Table 3.18: Malaysian Dumping Margins (MYR)

Size	Export Price	Normal Values	Dumping Margin	DM as % of EP
A4				44%
A5				44%
P5				5%
P5				-35%

3.4 Conclusion

149. Section 10(2) of the Act requires that Croxley presents information on dumping as is “reasonably available” to it.

150. In establishing export prices Croxley has purchased diaries from various retailers which in most cases show the country of origin and used a deductive method from these retail price starting points. Croxley also presented quotes from two overseas firms. In instances where the export price is based on a retail price, deductions have been made for retailer, wholesaler and importer’s margins, cartage and customs clearance fees.

151. As evidence of normal values from Hong Kong, Indonesia and Korea, Croxley has provided calculations regarding its own costs of production, adjusted for wage costs.

152. For Chinese normal values Croxley has increased the export prices by a percentage identified by a [REDACTED] in China as a domestic market premium. For Malaysian normal values, export prices have been increased by the average alleged dumping margin calculated in Croxley’s application for an

anti-dumping investigation into CBS from Malaysia. Even though this export mark up is supported by some evidence, the limitations of such an 'export price plus' method, in that it automatically presumes dumping, have been discussed above, with the premium applied to Malaysia being supported by less evidence than that for China.

153. In terms of meeting the requirements of sub-section 10(2) of the Act, Croxley has provided sufficient evidence, as is reasonably available to it, on export prices and normal values for a properly documented application.

3.5 Import Volumes

154. Import volumes need to be assessed against the criteria laid out in paragraph 8 of Article 5 of the Agreement. If the volume of allegedly dumped diaries from a particular territory is found to account for less than three per cent of the imports of diaries into New Zealand, that volume shall *normally* be regarded as negligible and if held to be negligible an investigation cannot be initiated.

155. In considering the volume of imports, the assessing team has used (as is normal Ministry practice³) the proposed period of investigation, being the year ended 31 January 2007 to assess whether the import volumes are negligible.

156. The *Acceptance Report* for this application indicated that, based on data provided in the application for the year ended 30 September 2006, imports from Hong Kong were below three percent. In addition at that stage it was uncertain if Hong Kong would continue to be subject to the application. However, the Agreement also provides that when the imports from territories that individually account for less than three per cent of total diary imports into New Zealand collectively account for more than seven percent of imports then that volume shall not normally be regarded as negligible.

Table 3.19: Import Volumes (for year ended 31 January 2007)

	Volume	Percentage
China	923,916	54.5%
Hong Kong	42,889	2.5%
Indonesia	49,734	2.9%
Korea	38,473	2.3%
Malaysia	337,574	19.9%
Other Imports	304,228	17.9%
Total Imports	1,696,814	100%

³ Recommendation adopted by the World Trade Organisation Committee on Anti-dumping Practices on 27 November 2002 (G/ADP/10).

157. Imports from China, and Malaysia each represent more than three per cent of total imports for the year ended 31 January 2007.
158. As shown in Table 3.19 imports from Hong Kong, Indonesia and Korea each alone accounts for less than three percent of total diary import volumes into New Zealand during the proposed period of investigation. Collectively, however, imports from those three territories account for 7.7 percent and therefore in accordance with the Agreement are not in the first instance regarded as being of negligible volume.
159. Croxley has noted that there are some imports of “visual diaries”, which are a plain unruled and undated book designed for artists that have been incorrectly classified and have entered under tariff item and statistical key 4820.10.00J upon which the above data is based. In addition, Croxley has identified that dayplanners, which are not subject to the application correctly enter under tariff item and statistical key 4820.10.00J and therefore are also included in the totals above. The volume of imported goods which are not like the diaries subject to the investigation will need to be considered further during any investigation and after receipt of invoices and further information from importers and exporters assessments will need to be made on the proportion of imports from all countries that should not be included in the above calculation.

Conclusion on Import Volumes

160. On the information available prior to an investigation being initiated the volume of imports from the territories subject to the application does not indicate that an investigation should not be initiated.

4. Material Injury

4.1 Introduction

161. Section 10 of the Act specifies the evidence of material injury that must be provided in a properly documented application before an investigation may be initiated. Material injury is considered for the industry as a whole or, in the absence of information from all domestic producers, in relation to those producers that constitute a major proportion of the New Zealand industry, regardless of whether an application has been supported by all producers.

162. An application can be made on the basis of either current material injury or the threat of material injury. Where no current material injury is found, the Ministry assesses the extent to which a threat of material injury may exist using the guidelines in Paragraph 7 of Article 3 of the Agreement. The Agreement states that a threat of material injury must be clearly foreseen and imminent, and beyond mere allegation, conjecture or remote possibility.

163. Material injury is assessed by comparing recent import and financial data with a period unaffected by dumping. Croxley states that injury occurred in 2006 and was manifest as price undercutting, downturn in production, and loss in market share, resulting in a loss in profits. This suggests that 2005 was the latest period unaffected by dumping. Croxley provided data relating to sales of 'stock' and 'special' diaries, aggregating figures under 16 different focus categories sold in New Zealand from part way through 2002 (due to a change in Croxley's financial system) to 31 December 2006.

164. In contrast to the *Acceptance Report*, the assessing team has used the full year figures (2003-2006) and excluded exports from calculations throughout this section for a consistent comparison with import data and analysis of trends. The exclusion of 2002 data has altered some of the conclusions on injury indicators drawn in the *Acceptance Report*. In addition data relating to export sales and goods that are not like to those covered by the application has been removed, further altering the injury assessment data set.

165. Section 8 of the Act sets out in detail the matters that must be examined in any investigation to establish if material injury exists. In determining whether sufficient evidence has been provided, the Ministry therefore takes guidance from these criteria, the relevant parts of which are referred to below.

4.2 Cumulation

166. The present application covers five separate customs territories, being China, Hong Kong, Indonesia, Korea and Malaysia. Both the Act and the Agreement require that a causal link between the allegedly dumped goods and the material injury that is caused or threatened. On the face of it this seems to create an obligation for the injury effects caused by imports from each country subject to an application to be assessed separately.

167. Paragraph 3 of Article 3 of the Agreement contemplates situations where goods from multiple territories are subject to a single application. It permits that the effects of the imports may be cumulatively assessed provided the dumping margin for each country is not *de minimis*, import volumes are not negligible and that assessment of the effects for the territories as a whole is appropriate in light of the conditions of competition between the imports and the New Zealand produced diaries
168. The assessing team has established that the dumping margin for each territory is not *de minimis* and that the volume of imports is not negligible (from paragraph 154). That leaves the assessment of the conditions of competition between the imports from the various territories subject to the application as well as how those imports compete with New Zealand manufactured diaries before cumulation can occur.
169. From the information available to the assessing team, the diaries being imported that originate from the five territories subject to the application appear to be of a similar nature, several importers source diaries from more than one of these countries, increases in imports from one source appear to be concurrent with a decrease in imports from another territory subject to the application and the channels of distribution within New Zealand appear to be similar. In these circumstances, it is reasonable to assume that the imported diaries compete both with each other and diaries made in New Zealand, making a cumulative assessment of the effects of imported goods appropriate in the circumstances.
170. If an investigation is initiated then information provided will further indicate if cumulation is appropriate. For example if imports from one of the territories subject to the application are being sold via a distinct distribution channel to those from the other four and the prices are not comparable the cumulative assessment of the injury effect would likely be inappropriate.
171. For the purposes of considering initiation of an investigation, and with information about the imported goods naturally limited at this stage, the assessing team considers that a cumulative assessment of injury is appropriate in light of the prevailing competition conditions.

4.3 Import Volumes

172. Sub-section 8(2) of the Act directs that consideration shall be given to increases in import volumes relative to the volumes manufactured and consumed in New Zealand.
173. Diaries are imported under tariff item and statistical key 4820.10.00.02J. Table 4.1 shows import volumes from 1 January 2003 to 31 December 2006. This data appears alongside the New Zealand industry's sales and the total New Zealand market to present imports relative to domestic production and consumption. Croxley's estimate that the other New Zealand manufacturers produce [REDACTED] diaries per annum has been added to Croxley's sales for the calculation of New Zealand industry sales and with import volumes to establish total market volumes. The assessing team's analysis of import volumes therefore assumes, from the information provided by Croxley, that production volumes by other domestic producers have been unchanged since 2003.

174. As Croxley has identified that some of the imports that enter under 4820.10.00.02J are not covered by the application but is unable to estimate the proportion of imports that are subject to the application, all the tables below are based on 100 percent of imports entered under 4820.10.00.02J. Therefore the actual volume of imported diaries covered by the application will be lower.

Table 4.1: Import Volumes Impact (units)

	2002	2003	2004	2005	2006
China	180,234	277,350	337,463	516,556	901,334
Hong Kong	98,646	103,995	61,969	33,000	42,889
Indonesia	275,972	122,118	167,498	0	49,734
Korea	124,199	58,370	142,703	161,194	39,138
Malaysia	8,790	360,842	117,877	160,006	337,829
Total Subject Imports	687,841	922,675	827,510	870,757	1,370,924
Other Imports	375,065	255,377	371,356	310,180	307,194
Total Imports	1,062,906	1,178,052	1,198,866	1,180,937	1,678,118
NZ Industry Sales					
NZ Market					
<i>As a Percentage of NZ Consumption:</i>					
Chinese Imports					
Hong Kong Imports					
Indonesian Imports				0%	
Korean Imports					
Malaysian Imports					
Total Subject Imports					
Other Imports					
NZ Industry					
<i>As a Percentage of NZ Production:</i>					
Chinese Imports					
Hong Kong Imports					
Indonesian Imports					
Korean Imports					
Malaysian Imports					
Total Subject Imports					

<i>Other Imports</i>					
<i>As % of Total Imports:</i>					
China	17%	24%	28%	44%	54%
Indonesia	9%	9%	5%	3%	3%
Hong Kong	26%	10%	14%	0%	3%
Korea	12%	5%	12%	14%	2%
Malaysia	1%	31%	10%	14%	20%
Total Subject Imports	65%	78%	69%	74%	82%
Other Imports	35%	22%	31%	26%	18%
<i>Change on Previous Year:</i>					
China		97,116	60,113	179,093	384,777
Indonesia		5,349	-42,026	-28,969	9,889
Korea		-153,854	45,380	-167,498	49,734
Malaysia		-65,829	84,333	18,491	-122,056
Hong Kong		352,052	-242,965	42,129	177,823
Total Subject Imports		234,834	-95,165	43,247	500,167
Other Imports		-119,688	115,979	-61,176	-2,986
Total Imports		115,146	20,814	-17,929	497,181
NZ Industry Sales					
NZ Market					
<i>% Change:</i>					
China		54%	22%	53%	74%
Indonesia		5%	-40%	-47%	30%
Korea		-56%	37%	-100%	-
Malaysia		-53%	144%	13%	-76%
Hong Kong		4005%	-67%	36%	111%
Total Subject Imports		34%	-10%	5%	57%
Other Imports		-32%	45%	-16%	-1%
Total Imports		11%	2%	-1%	42%
NZ Industry Sales					
NZ Market					

175. Total import volumes have increased 58 percent between 2002 and 2006. Table 4.1 shows imports of diaries from China increasing 400 percent and those from Malaysia increasing by 3743 percent between 2002 and 2006. Imports of diaries from Indonesia, Korea and Hong Kong have fluctuated, but show overall decreases.

Imports from countries not covered by the application also show a decrease from the 2002 levels.

176. After an overall decrease in 2004, steady increases in import levels have been recorded for four of the five territories subject to the application. Total subject imports increased by 57 percent in 2006 from the 2005 levels, although Korean diaries decreased.

Conclusion

177. Data provided shows total import volumes have increased between 2002 and 2006. Imports from those territories subject to the application represented 82 percent of total imports in 2006, well above the 65 percent they held in 2002. Each territory has contributed to the increase at different times, suggesting a significant degree of competition between them. This supports the assessing team's conclusion that cumulation of the injurious effects on imports for all the territories subject to the application is appropriate.

178. The New Zealand market has remained fairly consistent since 2003, registering 10 percent growth over that period, while the New Zealand industry's sales are estimated to have contracted by 10 percent, most of which occurred in 2006. Relative to New Zealand production subject imports have increased by 10 percentage points since 2003 and relative to New Zealand consumption have increased by 10 percent points since 2003.

4.4 Price Effects

179. Sub-section 8(2) of the Act sets out several price effects that need to be considered when assessing material injury. These are undercutting, suppression and depression. Each of these is set out below.

180. Croxley advised the Ministry that it does not record net profit at the individual SKU or product category level and therefore the following prices are gross prices that have not been adjusted for any discounts, rebates or distribution costs that may be involved. Any investigation will need to establish net prices.

Price Undercutting

181. Price undercutting refers to the extent that the allegedly dumped diaries are sold more cheaply than those made in New Zealand. Prices are compared at the point that the imported goods first compete with the goods made in New Zealand (referred to as the level of trade). The level of trade is determined for each importer and therefore prices from several importers may be considered at different points in the supply chain.

182. Croxley considers that the sale of diaries from ex-importer's store and Croxley's ex-factory to wholesale distributors is the first point in the New Zealand market that the allegedly dumped diaries and domestically produced diaries compete.

183. Croxley has deducted GST, retail and wholesale margins from the retail prices of Chinese and Indonesian A4-1 and A5-1 diaries purchased in New Zealand to demonstrate price undercutting.

184. The assessing team has carried out further comparisons at the retail level using Chinese, Indonesian and domestically produced A4-1 and A5-1 diaries supplied as samples.

185. Croxley also provided a retail price comparison for Chinese diaries using purchases of Croxley manufactured and imported diaries from The Warehouse Ltd.

186. For Korean and Malaysian diaries Croxley has compared its ex-factory price with the FOB quotations from [REDACTED] (USD [REDACTED]), and [REDACTED] (USD [REDACTED]) used to establish export prices (see paragraphs 97 and 100). The assessing team notes that if an investigation is initiated FOB prices would need to be adjusted upwards to the ex-importer's store level to allow for a fair comparison between Croxley's ex-factory prices.

187. As described in section 2.4, Croxley provided an unbranded Malaysia A5-1 diary from Paper Plus with a retail price of NZD26.66, and an Avondale branded Korean A5-1 diary from The Warehouse Ltd, with a retail price of NZD6.21. The assessing team has therefore used these samples for price undercutting comparison as well as the above quoted FOB prices.

188. Tables 4.2 to 4.6 illustrate the price undercutting comparison. Table 4.2 compares prices at the retail level, Tables 4.5 and 4.6 compare ex-store and FOB with Croxley's ex-factory price and Tables 4.3 and 4.4 show comparisons between importers ex-store and Croxley's ex-factory prices.

Table 4.2: Chinese Diaries Price Undercutting

Croxley SKU	Product	Croxley Price	Imported Price	Undercutting	% Undercutting
438110	A4-1	[REDACTED]	7.31	[REDACTED]	[REDACTED]%
435114	A5-1	[REDACTED]	7.49	[REDACTED]	[REDACTED]%

Table 4.3: Chinese Diaries Price Undercutting

Croxley SKU	Product	Croxley Price	Imported Retail Price	Retail Margin	W/Sale Margin	Ex-Importer Price	Undercutting	% Undercutting
438110	A4-1	[REDACTED]	6.50	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
435114	A5-1	[REDACTED]	7.10	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
435114	A5-1	[REDACTED]	6.66	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%

Table 4.4: Indonesian Diaries Price Undercutting

Croxley SKU	Product	Croxley Price	Imported Retail Price	Retail Margin	W/Sale Margin	Ex-Importer Price	Undercutting	% Undercutting
438114	A5-1		17.78					%

Table 4.5: Korean Diaries Price Undercutting

Croxley SKU	Product	Croxley Price	Imported Retail Price	Retail Margin	W/Sale Margin	FOB Price	Ex-Importer Price	Undercutting	% Undercutting
438110	A4-1								%
438114	A5-1		6.21						%

Table 4.6: Malaysian Diaries Price Undercutting

Croxley SKU	Product	Croxley Price	Imported Retail Price	Retail Margin	W/Sale Margin	FOB Price	Ex-Importer Price	Undercutting	% Undercutting
438110	A4-1								%
438114	A5-1		26.66						%

189. Table 4.2 demonstrates price undercutting at the retail level by Chinese diaries of [redacted] and [redacted] percent of Croxley's retail prices. Price comparisons for Malaysian and Korean diaries at the FOB level show undercutting of [redacted] percent. Comparisons at the ex-store level show price undercutting ranging from -[redacted], that is, no price undercutting, to [redacted] percent of Croxley's prices.

Price Depression

190. Price depression occurs where prices achieved by the New Zealand manufacturers are lower than those achieved in a period unaffected by dumped goods.

191. Table 4.7 compares Croxley's average sales revenue, for the products it has provided financial information on and a total for all diary SKU, since 2003.

Table 4.7: Price Depression

Diary (product code)	2003	2004	2005	2006
Pocket (M16F)				
Change				
% change		%	%	%
Pocket Executive (M16G)				

	Change				
	% change				
Desk A4 (M16H)					
	Change				
	% change				
Desk A5/8x5 (M16I)					
	Change				
	% change				
Calendar Refills (M16J)					
	Change				
	% change				
Undated/ Appointment (M16M)					
	Change				
	% change				
Appointment (M16N)					
	Change				
	% change				
Management (M16O)					
	Change				
	% change				
Corporate Pocket (M17B)					
	Change				
	% change				
Corporate A4 (M17C)					
	Change				
	% change				
Corporate A58 (M17D)					
	Change				
	% change				
Corporate Appointment (M17E)					
	Change				
	% change				
Corporate Management (M17F)					
	Change				
	% change				
Blocking Special (M17G)					
	Change				
	% change				

Average on all Diaries SKU					
	Change				
	% change		%	%	%

192. Table 4.7 demonstrates price depression has occurred since 2003 for seven of the 15 different Croxley diary categories. The average price for all the SKU that are like goods to the diaries subject to the application, however, shows an decrease of [redacted] percent over the period (although there was an increase from 2005 to 2006 level), with changes in revenue per unit for each SKU ranging from 460 percent for the [redacted], that is, prices have actually increased to -12 percent for the [redacted]. The 460 percent increase in revenue for the [redacted] appears to be due to the allocation of [redacted] between 2003 and 2005 that is unable to be removed from the data at this point. This will need to be addressed if an investigation is initiated.

Price Suppression

193. Price suppression exists when New Zealand manufacturers are unable to fully recover increases in costs by raising sale prices.

194. Croxley has not commented on price suppression. However, based on its financial data, the assessing team has calculated the percentage that the cost of production represents of the sales revenue for each product that Croxley has provided financial information for and a total for all diary SKU. Table 4.8 illustrates these findings.

Table 4.8: Cost of Production (as a percentage of revenue)

Product	2003	2004	2005	2006
Pocket (M16F)				
Revenue				
Cost of Production				
as % of Revenue	%	%	%	%
Pocket Exec (M16G)				
Revenue				
Cost of Production				
as % of Revenue	%	%	%	%
Desk A4 (M16H)				
Revenue				
Cost of Production				
as % of Revenue	%	%	%	%
Desk A5 (M16I)				
Revenue				
Cost of Production				

as % of Revenue				
Calendar Refills (M16J)				
Revenue				
Cost of Production				
as % of Revenue				
Undated Appointment (M16M)				
Revenue				
Cost of Production				
as % of Revenue				
Appointment (M16N)				
Revenue				
Cost of Production				
as % of Revenue				
Management (M16O)				
Revenue				
Cost of Production				
as % of Revenue				
Corporate Pocket (M17B)				
Revenue				
Cost of Production				
as % of Revenue				
Corporate A4 (M17C)				
Revenue				
Cost of Production				
as % of Revenue				
Corporate A58 (M17D)				
Revenue				
Cost of Production				
as % of Revenue				
Corporate Appointment (M17E)				
Revenue				
Cost of Production				
as % of Revenue				
Corporate Management (M17F)				
Revenue				
Cost of Production				

as % of Revenue	█%	█%	█%	█%
Blocking Special (M17G)				
Revenue	██████████	██████████	██████████	██████████
Cost of Production	██████████	██████████	██████████	██████████
as % of Revenue	█%	█%	█%	█%
All Diaries				
Revenue	██████████	██████████	██████████	██████████
Cost of Production	██████████	██████████	██████████	██████████
as % of Revenue	█%	█%	█%	█%

195. Table 4.8 demonstrates that Croxley's cost of production as percentage of sales revenue has remained nearly constant since 2002, increasing only █ percent. Nine of the 15 focus categories for which financial data has been provided show evidence of price suppression, with individual SKU price suppression ranging from -14 percent, that is a decrease in costs proportionate to revenue for the █ to a 19 percent increase for the █. Any investigation will need to explore the extent to which costs that occur after the production of the diaries have contributed to any price suppression that may exist.

Conclusion

196. The data provided shows evidence of price undercutting ranging from -█ to █ percent, price depression ranging from █ to -█ percent with an average of -█ percent and price suppression ranging from -█ to █ percent.

197. There is evidence of some price effects for the diaries manufactured by the New Zealand industry. The results from the price effects analysis show that the price effects have not been consistent across all products. As the above prices are gross prices it is likely that the price effects are understated. A closer analysis of advertising and marketing rebates, as well as distribution costs, will be required to gain a picture of net pricing in any investigation that is initiated.

Other Factors Affecting New Zealand Prices

198. Croxley has not identified any factors other than the diaries imported from China, Hong Kong, Indonesia, Korea and Malaysia affecting its prices for domestically manufactured diary prices in New Zealand.

4.5 Other Material Injury Indicators

199. Section 8 of the Act requires that assessment of the economic impact of the dumped goods on the New Zealand industry, and any other relevant indicators, be taken into account when considering material injury. These indicators are considered below.

Output and Sales

200. Dumped imports can affect the New Zealand industry's output, sales volume, sales revenue and prices, depending upon the industry's response to the dumped imports.

Output – Sales Volume

201. Croxley advises that production closely matches sales and that it has maintained output to some degree but prices have been depressed in order to achieve this. Croxley provided output figures for 15 different diary product groups and a total figure for all diary SKU since 2003, which are shown in Table 4.9.

Table 4.9: Sales Volume per Diary

Diary (Product Code)	2003	2004	2005	2006
Pocket (M16F)				
Change				
% change				
Pocket Executive (M16G)				
Change				
% change				
Desk A4 (M16H)				
Change				
% change				
Desk A5/8x5 (M16I)				
Change				
% change				
Calendar Refills (M16J)				
Change				
% change				
Undated/ Appointment (M16M)				
Change				
% change				
Appointment (M16N)				
Change				
% change				
Management (M16O)				
Change				
% change				

Corporate Pocket (M17B)				
Change				
% change				
Corporate A4 (M17C)				
Change				
% change				
Corporate A58 (M17D)				
Change				
% change				
Corporate Appointment (M17E)				
Change				
% change				
Corporate Management (M17F)				
Change				
% change				
Blocking Special (M17G)				
Change				
% change				
Total all Diaries SKU				
Change				
% change				

202. Table 4.9 shows 12 of the 15 individual product categories have shown a decrease in sales volumes over the period, with changes ranging from –86 percent for to 18 percent for . An overall decrease of per cent has been experienced by Croxley since 2003. These results vary from those displayed in the *Acceptance Report* due to the removal of the incomplete 2002 data from the comparison.

Sales Revenue

203. The information regarding Croxley's sales revenue from 2003 is shown in Table 4.10. The sales revenue figures below are gross and have not been adjusted for any discounts or rebates awarded.

Table 4.10: Sales Revenue per Diary

Diary (Product Code)	2003	2004	2005	2006
Pocket (M16F)				

Revenue				
Change				
% change		%	%	%
Pocket Exec (M16G)				
Revenue				
Change				
% change		%	%	%
Desk A4 (M16H)				
Revenue				
Change				
% change		%	%	%
Desk A5 (M16I)				
Revenue				
Change				
% change		%	%	%
Calendar Refills (M16J)				
Revenue				
Change				
% change		%	%	%
Undated Appointment (M16M)				
Revenue				
Change				
% change		%	%	%
Appointment (M16N)				
Revenue				
Change				
% change		%	%	%
Management (M16O)				
Revenue				
Change				
% change		%	%	%
Corporate Pocket (M17B)				
Revenue				
Change				
% change		%	%	%
Corporate A4 (M17C)				
Revenue				

	Change				
	% change				
Corporate A58 (M17D)					
	Revenue				
	Change				
	% change				
Corporate Appointment (M17E)					
	Revenue				
	Change				
	% change				
Corporate Management (M17F)					
	Revenue				
	Change				
	% change				
Blocking Special (M17G)					
	Revenue				
	Change				
	% change				
Total					
	Revenue				
	Change				
	% change				

204. Table 4.10 shows a total decrease in sales revenue of percent from 2003 to 2006, consistent with the reduced volume of sales shown in Table 4.9 above. Only one of the 15 products shows an increase in revenue, with individual products ranging from a -85 percent for to 16 percent for between 2003 and 2005.

Market Share

205. Analysis of market share must consider changes in the size of the total market. A decline in market share when the total market is expanding will not necessarily indicate that material injury is being caused, particularly if the domestic industry's sales are also growing. In addition the New Zealand industry is not entitled to any particular market share per se.

206. Croxley contends that dumped diary imports have increased markedly as a proportion of total New Zealand sales, but has not commented on Croxley's own share. Data has been provided relating industry sales and the size of the New Zealand diary market based on Croxley's estimates, alongside import figures.

207. As previously mentioned, Croxley has estimated other New Zealand producers contributing [REDACTED] diaries per year to total domestic production. Table 4.11 details the New Zealand production information provided by Croxley, compared with import statistics obtained from Customs.

Table 4.11: Market Shares

	2002	2003	2004	2005	2006
China	180,234	277,350	337,463	516,556	901,334
Hong Kong	98,646	103,995	61,969	33,000	42,889
Indonesia	275,972	122,118	167,498	0	49,734
Korea	124,199	58,370	142,703	161,194	39,138
Malaysia	8,790	360,842	117,877	160,006	337,829
Total Subject Imports	687,841	922,675	827,510	870,757	1,370,924
Other Imports	375,065	255,377	371,356	310,180	307,194
Total Imports	1,062,906	1,178,052	1,198,866	1,180,937	1,678,118
NZ Industry Sales		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
NZ Market		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<i>% Market Share</i>					
China		[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Hong Kong		[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Indonesia		[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Korea		[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Malaysia		[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Total Subject Imports		[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Other Imports		[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Total Imports		[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
NZ Industry Sales		[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%

208. Table 4.11 shows that the New Zealand produced goods have lost significant market share (a decrease of [REDACTED] percent) since 2003. At the same time imports from the territories subject to the application have increased by [REDACTED] percent and all other imports have decreased by [REDACTED] percent indicating that most of the market share lost by the New Zealand producers has been replaced with imports from the territories subject to the application.

209. The New Zealand market as a whole is estimated to have increased by approximately [REDACTED] percent since 2003. The market share held by imports from China has increased substantially since 2003. Imports from Malaysia have increased substantially from the 2002 level but the market share held by these imports has not

quite regained its 2003 level. Imports from Indonesia and Korea have experienced losses of New Zealand market share since 2003, but cumulatively, a substantial portion of the market has been gained by the imports of diaries from the territories subject to the application.

Profits

210. Dumped imports can affect net profit via the impact on sales prices and volumes.

211. Croxley has not provided any data on its net profit or earnings before interest and taxation, but has provided gross profit figures, which are shown in Table 4.12.

Table 4.12: Gross Profit

Diary (Product Code)	2003	2004	2005	2006
Pocket (M16F)				
Change				
% change		%	%	%
Pocket Executive (M16G)				
Change				
% change		%	%	%
Desk A4 (M16H)				
Change				
% change		%	%	%
Desk A5/8x5 (M16I)				
Change				
% change		%	%	%
Calendar Refills (M16J)				
Change				
% change		%	%	%
Undated/ Appointment (M16M)				
Change				
% change		%	%	%
Appointment (M16N)				
Change				
% change		%	%	%
Management (M16O)				

	Change				
	% change				
Corporate Pocket (M17B)					
	Change				
	% change				
Corporate A4 (M17C)					
	Change				
	% change				
Corporate A58 (M17D)					
	Change				
	% change				
Corporate Appointment (M17E)					
	Change				
	% change				
Corporate Management (M17F)					
	Change				
	% change				
Blocking Special (M17G)					
	Change				
	% change				
Average on all Diaries SKU					
	Change				
	% change				

212. Table 4.12 shows that total gross profit has decreased over the period 2003 to 2006 by percent. Any investigation will need to obtain data on net profit to fully evaluate the impact of the allegedly dumped imports on profitability. Since 2003, only three of the 15 individual products showed a decline in gross profit, with a range of 16 (i.e. actually an increase in gross profit) for to -92 percent for .

Productivity

213. Productivity is the relationship between goods produced and the inputs required to manufacture them. Productivity is affected by output and capacity utilisation levels.

214. Croxley has not commented on productivity in its application, however it has identified less staff being employed and capital inputs not being utilised as injury factors. As presented in Table 4.9, production has decreased year on year since

2003 but no data on the corresponding labour effect has been provided to allow productivity calculations to be carried out at this stage.

Return on Investments

215. Return on investments measures profit against the value of the investment in a business. Changes in the return on investments may impact the ability to retain current investment or attract new investment. Declines in return on investments can result from a decline in profit or an increase in the level of investment within the business, which is not matched by a corresponding increase in profits.

216. Croxley has not provided the any information relating to any changes in its return on investments.

Capacity Utilisation

217. The utilisation of production capacity reflects changes in production volumes or changes in capacity. A decline in production volumes will lead to a higher cost per unit due to increased overhead allocation. This will lead to a decrease in profit level, if offsetting savings are not found elsewhere.

218. Croxley states that if its capacity were calculated on the basis of 24 hours a day, 7 days a week, its current utilisation is approximately [REDACTED]. No information has been provided on what Croxley's normal capacity is, or any utilisation information relating to prior periods.

4.6 Other Adverse Effects

219. The other adverse effects that the Ministry is required to consider are the actual and potential effects on cash flow, inventories, employment, wages, growth, ability to raise capital, investments and level of the dumping margins. Croxley has only commented on its ability to raise capital for investment.

Ability to Raise Capital and Investments

220. Croxley considers that loss of profits, due to depressed prices, has restricted its ability to raise additional capital for investment purposes. Croxley has not provided any examples of failed attempts to raise capital or investments.

4.7 Causal Link

221. Sub-section 10(1) of the Act requires that sufficient evidence be provided that material injury is caused by the dumped goods. This does not preclude another factor(s) also being a cause of material injury. This echoes the requirements of Paragraph 2 of Article 5 of the Agreement.

222. The Ministry adopts a two-limb test to assess causality. The first limb focuses on the dumped imports, asking whether there has been material injury by applying the criteria in sub-sections 8(1) and 8(2) of the Act. This test accepts that there is an inference that where material injury occurs, it is caused by dumping.

223. The second limb examines whether there are any known factors apart from the dumped imports that are also materially injuring the industry. If other factors are identified, it must be established whether the material injury caused by other factors breaks the inferred “causal link” established under the first limb. If there is no manifest cause of material injury, apart from the dumped goods, then the inferred causal link under the first limb is confirmed.

224. For the purpose of testing whether sufficient evidence of a causal link has been provided, the Ministry takes guidance from the potential causes of material injury, other than the dumped goods, set out in sub-section 8(2) of the Act. These factors are outlined below.

225. Croxley believes that there are no other factors to consider as other potential causes of injury.

Non-dumped Imports

226. The volumes of diary imports from countries other than China, Indonesia, Korea, Malaysia and Hong Kong are displayed in Table 4.1. The volume of other imports has fluctuated between 2003 and 2006, but the absolute volume of diary imports from other sources has decreased since 2003.

Demand or Consumption Change

227. Croxley states that some sales may have been lost to customers switching to niche market sources but has not identified the quantum of this change or the reasons behind it. Further information on this will need to be provided if an investigation is initiated.

Restrictive Trade Practices

228. Croxley has not provided any information on whether there are any restrictive trade practices of overseas or New Zealand producers (e.g. price ceilings, other statutory measures, or exclusive dealer arrangements) affecting its domestic sales of diaries.

Competition

229. Croxley has not provided any information regarding its competitive position with other New Zealand and overseas producers, beyond calculating a loss in its share of the New Zealand market.

Developments in Technology

230. Croxley has not provided any information regarding any developments in technology over the past few years that may have impacted on its production and domestic sales.

Imports

231. If a New Zealand industry is an importer of the allegedly dumped goods, the Ministry is required to analyse the nature and extent of those importations, including the value, quantity, frequency and purpose of any such importations.

232. Croxley advises that it imports some goods to make up the range of products it offers to New Zealand customers. The volume of goods imported by Croxley is presented in Table 4.13.

Table 4.13: Croxley's Imports

Diary (Product Code)	2003	2004	2005	2006
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

233. Croxley has not provided any further detail on the nature or extent of its imports, including which countries the goods originate from. Croxley's own imports have increased [REDACTED] percent since 2003. Some of the diary products imported by Croxley and shown in Table 4.13 above are not manufactured by Croxley in New Zealand and are in fact excluded from the application. The absolute volume of the imports concerned and the level of the increase from 2003 to 2006 is not such as to suggest an investigation should not be initiated i.e. they are not sufficient to suggest that imports by the New Zealand industry are the sole cause of material injury. If an investigation is initiated further information will need to be provided by Croxley on its own imports.

234. Kurtovich, another New Zealand manufacturer, has also been identified as an importer. No estimate of the proportion of Kurtovich's sales that are imported and manufactured has been made.

Additional Causes

235. Croxley has not identified any potential causes of material injury beyond imports of the allegedly dumped goods.

Causal Link Conclusion

236. Croxley has provided data showing substantial increases in import volumes. This increase coincides with some evidence of price undercutting, price depression and decreases in sales volumes, revenue, gross profits, and market share for certain diary product categories since 2003.

237. From the information available and for the purpose of initiation, the assessing team considers that sufficient evidence exists of a causal link between the dumping and material injury.

4.8 Material Injury Conclusion

238. Croxley has provided some evidence on the effects of the imports of the allegedly dumped diaries on prices of its own diaries and the consequent decline on its volume and revenue levels.

239. The financial data provided relates to the full range of Croxley's diaries that it considers like goods to the allegedly dumped imports and it excludes exports and diaries that are not like goods to those covered by the investigation.

240. Data limitations at this point have prevented any analysis of net sales price but adverse economic effects have been shown based on gross profit, output and sales volume, market share and no other causes of material injury have been identified.

241. The assessing team considers that, in terms of meeting the requirements of subsection 10(2) of the Act, Croxley has provided sufficient evidence for initiation.

5. Conclusions

242. On the basis of the information available, the assessing team concludes that, for acceptance purposes, adequate evidence has been provided that:

- a. diaries from China, Hong Kong, Indonesia, Korea and Malaysia are being dumped;
- b. material injury to Croxley has been caused; and
- c. the allegedly dumped goods are a cause of the material injury.

6. Recommendations

243. Following the conclusion above, it is recommended in accordance with section 10 of the Act, that the Manager of Trade Rules and Remedies, acting under delegated authority from the Chief Executive:

- Initiate a dumping investigation into diaries from China, Hong Kong, Indonesia, Korea and Malaysia.

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Assessing Team
Trade Rules and Remedies

Agree/Not Agree

Anne Corrigan
Manager
Trade Rules and Remedies
Competition, Trade and Investment Branch