

Non-Confidential Final Report

Dumping Investigation

Diaries from China, Hong Kong, Indonesia, Korea and Malaysia

Dumping and Countervailing Duties Act 1988

Trade Rules and Remedies
October 2007

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Abbreviations

The following abbreviations are used in this report:

2DTP	2 day to Page
2PTD	2 page to Day
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
DTP	Day to Page
FOB	Free on Board
Global	Global Timeplan Limited
gsm	Grams per square metre
GST	New Zealand Goods and Services Tax (12.5%)
Hong Kong	Special Administrative Region of Hong Kong China
IDR	Indonesian Rupiah
Korea	Republic of Korea
Kurtovich	K Kurtovich Products Limited
Ltd	Limited
Ministry	Ministry of Economic Development of New Zealand
mm	Millimetres
MTP	Month to Page
MYR	Malaysian Ringgit
NZD	New Zealand Dollar
oanda	www.oanda.com

PVC	Polyvinyl chloride
SKU	Stock Keeping Units
USD	United States of America Dollars
VAT	Value Added Tax
WTO	Week to Open
WTV	Week to View
YTD	Year to date

EXECUTIVE SUMMARY

Application

1. An investigation into diaries imported from China, Hong Kong, Indonesia, Korea and Malaysia was initiated on 2 March 2007, following receipt of an application for a dumping investigation from Croxley Stationery Limited (Croxley) claiming that various diaries were being imported at dumped prices and causing material injury to it.

Goods Subject to the Investigation

2. The imported goods from China, Hong Kong, Indonesia, Korea and Malaysia, referred to as diaries are:

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

Dumping

3. Following new evidence provided since the release of the EFC report concerning the origin of diaries exported from Hong Kong, the Ministry has concluded that there is no evidence that diaries originating from Hong Kong are dumped and that the volume of dumped exports from Indonesia and Korea is negligible. The Ministry is therefore recommending that the Minister terminate the investigation in respect of Hong Kong, Indonesia and Korea.

4. The Ministry has established that 97 percent of the goods from China and 82 percent from Malaysia were dumped during the period of investigation.

5. Weighted-average dumping margins for the exporters investigated are as follows:

Country	Exporter	Weighted Average Dumping Margin
China	Dragon Boat Ltd	59%
	Haier Fung Choi Printing Ltd	59%
	Ningbo Guangbo Import & Export Co. Ltd	59%
	Olympia Diary Guangzhou Ltd	53%
	Richgrade Ltd	164%
	Sintex Link Ltd	36%
	Texsun Ltd	48%

	WKT Co. Ltd	38%
Malaysia	Chee Wah Corporation Berhad	12%
	Ginhau Psn Printing (M) Sdn Bhd	30%
	Olympia Diary (M) Sdn Bhd	39%
	UPA Press Sdn Bhd	25%

Injury

6. Dumped import volumes have substantially increased since 2003. There is evidence that dumped imports have significantly undercut the New Zealand industry's prices and there is evidence that the New Zealand industry's prices have been depressed and suppressed.

7. Consequent upon the volume and price effects there is evidence of an adverse economic impact through a loss of sales revenue and declines in sales volume, market share, gross profit, earnings before interest and tax, and productivity. Increases in inventory write-offs and an adverse impact on investment have also been shown.

Injury Factors other than Dumped Goods

8. There is anecdotal evidence that competitive conditions in the New Zealand domestic market may have been a cause of injury to Croxley.

Conclusion

9. The Ministry has concluded that:

- There is no evidence diaries from Hong Kong are dumped and the volumes of dumped diaries from Indonesia and Korea are negligible. The investigation should therefore be terminated in respect of imports from these countries;
- Diaries from China and Malaysia are imported at dumped prices;
- Diaries from China and Malaysia are a cause of material injury to the New Zealand industry; and
- Other factors may have been a cause of injury to the New Zealand industry, but these factors are not considered significant enough to break the causal link between the dumped diaries and the material injury caused to the New Zealand industry.

Imposition of Duties

10. The Ministry has recommended that anti-dumping duties be imposed on an ad valorem percentage basis at the full margin of dumping on diaries originating from China and Malaysia, with effect from 1 February 2008, at the following rates.

Company	Ad Valorem Percentage Rate of Duty
<i>Diaries Originating from China:</i>	
Dragon Boat Ltd	59%
Haier Fung Choi Printing Ltd	59%
Ningbo Guangbo Import & Export C. Ltd	59%
Olympia Diary Guangzhou Ltd	53%
Richgrade Ltd	164%
Sintex Link Ltd	36%
Texsun Ltd	48%
WKT Co. Ltd	38%
Residual rate for other exporters	53%
<i>Diaries Originating from Malaysia:</i>	
Chee Wah Corporation Berhad	12%
Ginhau Psn Printing (M) Sdn Bhd	30%
Olympia Diary (M) Sdn Bhd	39%
UPA Press Sdn Bhd	25%
Residual rate for other exporters	34%

1. Introduction

1.1 Application

11. On 26 January 2007 the Ministry of Economic Development (the Ministry) accepted a properly documented application from Croxley Stationery Ltd (Croxley), alleging that imports of diaries from the People's Republic of China (China), the Special Administrative Region of Hong Kong China (Hong Kong), Republic of Indonesia (Indonesia), the Republic of Korea (Korea) and Malaysia were being imported at dumped prices and causing injury to it as the New Zealand industry. The goods covered by the application were termed diaries.

12. On 2 March 2007 the Chief Executive of the Ministry, acting pursuant to section 10 of the Dumping and Countervailing Duties Act 1988 (the Act), formally initiated an investigation into the dumping of diaries from China, Hong Kong, Indonesia, Korea and Malaysia being satisfied that sufficient evidence was provided that:

- Diaries from China, Hong Kong, Indonesia, Korea and Malaysia were being dumped, and
- By reason thereof material injury to the industry had been caused.

13. The investigation is required to establish both the existence and effect of the alleged dumping of diaries from China, Hong Kong, Indonesia, Korea and Malaysia and is conducted in accordance with the Act and the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (Agreement).

14. On 24 August 2007 the Essential Facts and Conclusions (EFC) report was provided to interested parties in accordance with section 10A of the Act, being written advice to the parties to the investigation of the essential facts and conclusions that will likely form the basis for any final determination to be made under section 13 of the Act. All interested parties were given until 7 September 2007 to make submissions on the EFC. The Ministry received six submissions which are addressed at the relevant sections in this report to which the issues relate.

15. Following the release of the EFC report evidence was provided that indicated most of the diaries recorded in Customs data as originating from Hong Kong were of Chinese origin. Re-classifying these imports as Chinese origin had the effect of reducing the cumulative volume of dumped imports from Hong Kong, Indonesia and Korea below the level considered negligible under Paragraph 8 of Article 5 of the Agreement. The Ministry issued a notice to interested parties on 14 September 2007 explaining that it now considered the volume of dumped exports from these three territories to be negligible and invited submissions to be made by 18 September 2007. No submissions were received.

16. It should be noted that this Report provides a summary only of the information analysis and conclusions relevant to this investigation, and should not be accorded any status beyond that.

1.2 Information Disclosure

17. The Ministry makes available all non-confidential information via the public file for the present investigation. Any interested party is able to request a list of the documents on this file or copies thereof. During the course of the investigation several parties have made use of the public file facility.

1.3 Participation in the Investigation

18. Pursuant to Paragraph 7 of Article 6 of the Agreement the Ministry carried out on-the-spot verification visits in Australia, China, Malaysia and Singapore with the following exporters:

- Chee Wah Corporation Bhd (Chee Wah);
- Collins Debden Pty Limited (Collins Debden);
- Olympia Diary (Guangzhou) Limited (ODG);
- Olympia Diary (M) Sdn Bhd (ODM);
- Olympia Diary (S'pore) Pte Ltd (Olympia S'pore).

19. Verification reports accompanied by dumping spreadsheets were provided to each of the above exporters.

20. Section 6 of the Act, which reflects Paragraph 8 of Article 6, allows the Ministry to base its conclusions on the best information available if any interested party has not provided the necessary information within a reasonable period. Limited information was provided by most parties to the investigation. Where information gaps exist the best information available has been relied upon and is discussed in the relevant sections of this report.

1.4 Report Details

21. In this report years are ended 31 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.

22. The period for considering claims of dumping is the year ended 31 January 2007, the period of investigation (POI), while the consideration of injury involves the evaluation of data from 1 January 2003 to 31 December 2006.

23. Amounts have been converted into foreign currencies using the interbank exchange rates obtained from the oanda internet currency conversion site at www.oanda.com/conveter/classic (oanda).

24. All amounts are expressed on a per diary basis unless stated otherwise.

25. The Ministry has recently finalised an anti-dumping investigation into certain bound stationery from Malaysia (*CBS Investigation*). The application for this

investigation was also made by Croxley and several interested parties are common to both of the investigations. Consequently some parties supplied information in relation to one investigation and permitted that it be used for both investigations. Where information that has been received in relation to the *CBS investigation* it has been noted throughout the report.

2. Interested Parties

26. Details of the key parties to the investigation are listed below.

27. Due to the large number of exporters the Ministry has limited its analysis to a selection of exporters, as permitted by Article 6.10 of the Agreement. As a consequence the Ministry has investigated only those importers who import from the selected exporters.

28. The New Zealand industry is defined by reference to the similarities between the goods that it produces and the similarity of its production to the imported diaries from all sources. This matter is explored in more detail in Section 3 of this report.

2.1 Selection of Exporters

Exporters

29. The tables below list (in alphabetical order) the firms from the five territories that exported diaries to New Zealand during the POI, as shown in the Customs data.

Table 2.1: 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	Mcphail 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 International 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 2.2: 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 2.3: Exporters of Diaries from Indonesia

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

Table 2.4: 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 2.5: Exporters of Diaries from Malaysia

AT&T Global Information Solutions Pty Ltd	Guocera Tile Industries Sdn Bhd
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 (now known as Olympia Diary (M) Sdn Bhd)	UPA Press Sdn Bhd
Ginhua PSN Printing (M) Sdn Bhd	

30. The Ministry initially chose 18 firms that export diaries to New Zealand. The 18 exporters include 5 firms that export diaries of Chinese origin, 4 firms that export diaries of Hong Kong origin, 2 firms that export diaries of Indonesian origin, 3 firms that export diaries of Korean origin and 4 firms that export diaries of Malaysian origin.

31. From this initial list of exporters, the Ministry established that there were 6 more firms involved in the manufacture of diaries who supplied the companies that exported the diaries to New Zealand.

32. Table 2.6 below shows the selection of manufacturers/exporters, listed in alphabetical order. Some exporters are mentioned twice as they source diaries of more than one origin destined for New Zealand.

Table 2.6: List of Exporters and Producers in Selection

China	Dats Pty Ltd
	Guangbo Imp and Export Co Ltd
	Haier Fung Choi Printing Ltd
	Ningbo Texstar Trading and Industry Co Ltd
	Olympia Diary (Guangzhou) Ltd
	Olympia Diary (S'pore) Pte Ltd
	Olympia Publishing Pty Ltd
	Richgrade Ltd
	Sintex Link (Hong Kong) Ltd aka Sintex Trading Co
	Sintex Trading Co
	Texsun Ltd
	WKT Co Ltd
Hong Kong	Dragon Boat Ltd*
	Plusfile Pty Ltd*
	WKT Co Ltd*
Indonesia	Asia Pulp and Paper Limited
	Collins Debden Pty Ltd
	PT AW Faber-Castell Indonesia
	PT Pabrik Kertas Tjwi Kimia TBK (a subsidiary of Asia Pulp and Paper Limited)
Korea	Collins Debden Pty Ltd
	Dats Pty Ltd
	Yangjisa Co Ltd
Malaysia	Chee Wah Corporation
	CW Olympia Sdn Bhd (now known as Olympia Diary (M) Sdn Bhd)
	Ginhua Psn Printing (M) Sdn Bhd
	UPA Press Sdn Bhd

*It was subsequently established that the diaries exported or manufactured by these companies originated in China rather than in Hong Kong.

33. Table 2.7 below shows the firms, listed in alphabetical order, that import diaries from the manufacturers and/or exporters listed above.

Table 2.7: List of Importers

August Dean NZ Ltd
AW Faber Castell NZ Ltd
Blue Stripe Wholesale (NZ) Ltd
Active Media Ltd
Corporate Express NZ Ltd
Croxley Stationery Ltd
Eagle Stationery NZ Limited
Hillcrest Promotions Ltd
Incentives 2 Ltd
Jasco Pty NZ Ltd
MTP Wholesale Imports Ltd
NGT (New Zealand) Pty Ltd
RD1 Limited
Signature Promotions Ltd
Sims Distributing Company
Tasman Industries Ltd
The Warehouse Ltd

34. All exporters and their importers other than those shown in the Tables 2.6 and 2.7 above have been informed of the investigation and advised that that they have the opportunity to provide submissions to the investigation but these have not been directly solicited from them.

2.2 Importers

August Dean NZ Ltd

35. August Dean NZ Ltd (August Dean) imported diaries of [REDACTED] origin over the POI from [REDACTED].

36. August Dean did not complete an importers questionnaire or participate in the investigation.

AW Faber Castell NZ Ltd

37. AW Faber Castell NZ Ltd (AW Faber) imported diaries of [REDACTED] origin from [REDACTED]. Customs data showed AW Faber as having imported [REDACTED] diaries of [REDACTED] origin over the POI.

38. AW Faber advised that its imports were a sketch set plus a bonus visual diary. AW Faber provided copies of the invoices in relation to its imports but it is not clear from the invoices alone as to whether the bonus diary is a diary that is the subject of the investigation or a visual diary.

39. The Ministry has discovered during this investigation that importers/customs agents are classifying a visual diary, where the pages are blank, as a diary with dates, appointments etc. In the absence of information to the contrary the Ministry considers that the diaries imported by AW Faber are visual diaries and therefore did not invite it to complete an importers questionnaire.

Blue Stripe Wholesale (NZ) Ltd

40. Blue Stripe Wholesale (NZ) Ltd (Blue Stripe) imported diaries of [REDACTED] origin from [REDACTED]. Blue Stripe advised that due to it being a small firm and [REDACTED] it did not have the time to provide the Ministry with the information that it sought.

Active Media Ltd

41. Active Media Ltd (Active Media) imported diaries of [REDACTED] origin from [REDACTED] which could possibly be one company given that the names are similar.

42. Active Media advised details of its overseas supplier but did not complete an importers questionnaire or participate further in the investigation.

Corporate Express NZ Ltd

43. Corporate Express NZ Ltd (Corporate Express) imported diaries from [REDACTED] who sourced the goods [REDACTED]. Corporate Express provided a comprehensive response to the importers questionnaire.

44. Corporate Express is a wholly owned subsidiary of Corporate Express Australia Limited. It operates in the New Zealand market by supplying the commercial and government market across seven distinct lines of business, namely:

- Office Products
- Canteen

- Office Furniture
- Facilities
- Promotional Marketing
- Print Management
- Information Technology Solutions

45. Corporate Express places indent purchase orders on suppliers in March or April of each year for delivery in August, September, and October. In July Corporate Express circulates its diary brochure to its clients [REDACTED] for them to place an order before 31 October. Most of its sales occur in September or October. In May of each year any out-dated diary stock is destroyed and written off.

46. Over the POI Corporate Express imported the following diaries:

- Hard cover, A4, A5, Day to Page (DTP)
- Hard cover, A4,A5, two Days to Page (2DTP)
- Hard cover, A4, A5,Week to Open/View (WTV)
- Soft cover, spiral, A4,A5, DTP
- Soft cover, spiral, A4,A5,WTV

47. Corporate Express stated that it can specify the format of its entire house branded diaries due to the combined volumes and cost effective rates of its purchases overseas. If it was to source its product locally, Corporate Express said the cost increase would be significant enough to make the products uncompetitive.

48. Corporate Express made a submission in response to the EFC report which is discussed at various places in this report.

Croxley Stationery Ltd

49. Croxley is a New Zealand producer as well as an importer. In assessing the extent of material injury caused by dumped imports the Ministry is required to give consideration to the nature and extent of importations by New Zealand producers of like goods. The Ministry's discussion on the imports by the industry is seen later in this report, commencing at paragraph 662.

Eagle Stationery NZ Limited

50. Over the POI Eagle Stationery NZ Ltd (Eagle Stationery) imported diaries of [REDACTED] origin from [REDACTED]

51. Eagle Stationery advised that as it was a small company and in consideration of the amount of information sought by the Ministry it did not have the resources to complete the importers questionnaire.

Hillcrest Promotions Ltd

52. Hillcrest Promotions Ltd (Hillcrest) imported diaries of [REDACTED] origin from [REDACTED]. Hillcrest advised that [REDACTED] their diaries from [REDACTED] provided details on its imports over the POI and a brochure of the products it sells on the domestic market in New Zealand.

53. Hillcrest supplies "quality promotional advertising products for all kinds of businesses throughout New Zealand". Hillcrest has sales representatives at various locations throughout New Zealand to meet the needs of its clients.

Incentives 2 Ltd

54. Incentives 2 Ltd (Incentives 2) imported diaries of [REDACTED] origin from [REDACTED] and diaries [REDACTED] originating from [REDACTED] from [REDACTED] advised subsequent to the release of the EFC report that its exports were sourced from [REDACTED].

55. Incentives 2 did not complete an importers questionnaire. It has however, been in communication with its overseas suppliers and has spent some time corresponding with them on this matter. Incentives 2 considered itself a small importer which did not justify the amount of time required to complete the importers questionnaire.

56. Incentives 2 usually imports diaries with [REDACTED] in New Zealand. Incentives 2 requests orders from their customers by June for delivery in October. Over the POI Customs data records imports by Incentives 2 in [REDACTED] 2006.

57. Incentives 2 consider the diary market is made up of three main segments, the general retail market where most of the volume of diaries are sold, the business market and corporate market which is mainly diaries given as gifts.

58. In response to the EFC report Incentives 2 provided copies of invoices regarding its imports and made a submission which is discussed at various places in this report.

Jasco Pty NZ Ltd

59. Jasco Pty New Zealand Ltd (Jasco) imported visual diaries from, [REDACTED]. After discovering that its imports of visual diaries had been incorrectly classified under the tariff item and statistical key covering diaries Jasco applied to have its imports re-classified and notified the Ministry of this change. As a consequence Jasco is not a party in the diaries dumping investigation but was included as a party in the dumping investigation regarding certain bound stationery from Malaysia (*CBS investigation*).

MTP Wholesale Imports Ltd

60. MTP Wholesale Imports Ltd (MTP) imported diaries of [REDACTED] origin from [REDACTED].

61. MTP did not complete an importers questionnaire or participate in the dumping investigation.

NGT (New Zealand) Pty Ltd

62. NGT (New Zealand) Pty Ltd (NGT) imported diaries of [REDACTED] origin from [REDACTED]. For diaries [REDACTED] as being of [REDACTED] origin it imported from [REDACTED]. For diaries of [REDACTED] origin it imported from [REDACTED]. NGT provided a comprehensive response to the importers questionnaire.

63. NGT is a privately owned company that operates out of Auckland. NGT advised that it purchases stock over a 6 month period according to the orders that it receives. NGT submitted that it purchases from NGT Direct Marketing (A/Asia) Pty Limited, an associated company. The diaries are imported directly from the suppliers or indirectly via Australia.

64. NGT imports:

- A4 and A5 DTP, with printed laminate or skivertex finish, made to order with company information at the front of the diary;
- Quarto WTV with spiral binding, bonded leather and p.u. finishes, logo embosses on front cover; and
- Pocket diaries (90mm x 170mm) in bonded leather, pu and PVC finish.

65. NGT advised that to its knowledge the New Zealand industry does not produce any wire bound diaries and therefore it does not consider that the diaries it imports have a direct comparison in the market. It is also of the belief that, in the past, the New Zealand industry has imported diaries from Asian countries at a price that is not too dissimilar to that of NGT.

RD1 Ltd

66. RD1 Ltd (RD1) imported diaries of [REDACTED] origin from [REDACTED]. RD1 advised that its imports are [REDACTED] who source them from [REDACTED] and therefore it does not have a direct relationship with the overseas manufacturer.

67. RD1 provided copies of invoices, [REDACTED], bill of lading, quarantine declaration and packing lists.

Signature Promotions Ltd

68. Signature Promotions Limited (Signature) imported diaries of [REDACTED] origin from [REDACTED] and [REDACTED].

69. Signature did not provide a questionnaire response but it did comment on the Initiation Report, especially in relation to price comparison of the diaries in New Zealand, and the New Zealand market.

70. Signature's concern is that while two diaries may look the same they can be vastly different i.e. the paper binding and cover materials may be different.

71. Signature considers there are four distinct markets, each with a different price structure, but overlapping in some cases. Any pricing in Signature's view should be applied to the relevant segment of the market.

72. The four distinct markets are the international brands where an importer will import directly from the firm associated with the brand, corporate or custom printed diaries which are the largest segment, retail market, such as Paper Plus and the business or corporate market where the diaries are sold through office supply companies.

73. Signature made a submission in response to the EFC report which is discussed at various places in this report.

Sims Distributing Company

74. Sims Distributing Company (Sims) imported diaries of [REDACTED] origin from [REDACTED]. Sims provided a questionnaire response. Sims is a privately owned company and does not have any branches or subsidiaries in any other country.

75. Sims advised that diaries for general purposes are the same whereas some other diaries may be distinct due to the differences in page layout, material quality, cover design and retail price. Sims advised that its imports are specifically manufactured for the New Zealand and Australian markets.

Tasman Industries Ltd

76. According to Customs data Tasman Industries Ltd (Tasman) imported diaries of [REDACTED] origin from [REDACTED] and diaries of [REDACTED] origin from [REDACTED]. Tasman advised that it imported diaries from one company i.e. [REDACTED].

77. Tasman provided a comprehensive response to the importers questionnaire.

78. Tasman is a New Zealand manufacturer of self adhesive book coverings such as Duraseal® which is a range of book coverings which is researched and created for launch at the back to school (BTS) time each year. Tasman also represents a number of overseas stationery manufacturers.

79. Tasman purchases diaries from overseas suppliers based on its customers' orders. The diaries are made exclusively for Tasman.

80. Tasman is required to give its overseas supplier at least [REDACTED] lead in time to produce the diaries for supplying the New Zealand market. Tasman [REDACTED]

The Warehouse Ltd

81. According to Customs data The Warehouse Ltd (The Warehouse) imported diaries of [REDACTED] origin from [REDACTED].

[REDACTED]. The Warehouse imported diaries of [REDACTED] origin from [REDACTED].

82. The Warehouse did not complete an importers questionnaire or participate in the investigation.

2.3 New Zealand Industry

83. The application for an anti-dumping investigation was lodged by Croxley. Croxley is not the sole New Zealand producer of diaries, but, in initiating an investigation the Ministry's Chief Executive was satisfied that the application was made by or on behalf of the New Zealand industry producing like goods.

84. An investigation may not be initiated unless the Chief Executive is satisfied that the requirements of sub-section 10(3) of the Act are met. These requirements are that the collective output of Croxley, being the New Zealand producer that provided written support for the application constitutes:

- a. Twenty-five percent or more of the total New Zealand production of diaries for sale in New Zealand; and
- b. More than 50 percent of the total production of diaries for sale in New Zealand of the total produced by New Zealand diary manufacturers who have, in writing expressed an opinion on the application.

85. Other New Zealand manufacturers of diaries identified during the investigation include Global Timeplan NZ Limited (Global) and K Kurtovich Products Limited (Kurtovich).

86. No total market sales data is available for sales of diaries in New Zealand therefore the Ministry has to rely on the best information available in determining the proportion of local production that Croxley represents. Information provided by Croxley and other market participants at initiation suggested Croxley manufactures approximately [REDACTED] percent of the diaries produced in New Zealand for the domestic market.

87. Information on injury to its operations as a New Zealand manufacturer has been provided by Croxley, with the 2006 total sales of like goods being [REDACTED] units. Global provided partial information with respect to injury, in the form of A4 and A5 diary pricing and sales volume figures for financial years 2006 ([REDACTED] units) and 2007 ([REDACTED] units), as well as evidence of lost contract tenders due to low-priced

overseas competition. Kurtovich provided pricing and sales volume data for 2006, stating its total diary sales volume was [REDACTED] units.

88. No substantive information about their operations as a New Zealand manufacturer has been provided by Kurtovich or Global and neither of these companies has made comments on the affect of diaries imported from China, Hong Kong, Indonesia, Korea and Malaysia on their operations.

89. Any material injury caused, or threatened by the dumped imports, must be assessed for the New Zealand industry as a whole.

90. "Industry" is defined in section 3A of the Act as (emphasis added):

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

91. The information received by the Ministry suggests that Croxley has by far the largest share of the New Zealand production of diaries, with the share held by the other New Zealand manufacturers estimated to be slightly more than [REDACTED] percent.

92. As noted above, Croxley's output clearly represents a "major proportion" of the New Zealand production and alone fulfils the test of "industry" in the Act.

3. Subject Goods and Like Goods

3.1 Goods Subject to Investigation

93. The diaries that are the subject of the dumping investigation from China, Hong Kong, Indonesia, Korea and Malaysia are described as:

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

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

95. Table 3.1 shows the tariff item and statistical key under which the diaries subject to investigation are classified.

Table 3.1: 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

96. There is no applicable Normal Tariff rate for the above tariff item and statistical key therefore diaries from China, Hong Kong, Indonesia, Korea and Malaysia enter New Zealand duty free.

Imported Diaries

97. There are many different types of diaries imported and to assist in the analysis the Ministry has put them into broad groups in order to compare the imported diaries with those that are made in New Zealand.

98. After consideration of the samples and descriptions of various types of diaries they have been categorised in six groups. These are as follows:

Diaries Sub-Categories:		
	Description	Size Groups
Standard	Any thickness. Hardcover, case bound books. Covers may be plain covered, or have design/picture. May be embossed. May have a ribbon divider.	Greater than A5 size including A4. Greater than A6 and up to A5 A6 or less in size (including pocket diary)

Other	<p>Any thickness. May be hardcover with extra features to those considered as Standard (above).</p> <p>May be portfolio – management - executive designer style, or other. May be wire-o, spiral bound, or other. Refills. Covers may be leather, leatherette, PVC, PP, removable, padded. May have gold edging, dividers, ribbon divider.</p>	As above.
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Day-planners

99. Croxley said the tariff item and statistical key 4820.10.00.02J covers diaries that are not subject to the application, such as day-planners.

100. Croxley consider a day-planner to be a diary (sometimes called an organiser) with a steel ring binder. The steel rings open and shut and so the contents can be replaced with a refill and the cover can be used for a number of years. The cover is usually made of a durable material and can be expensive. A day-planner is normally bought as one item with the cover and the contents.

101. Croxley do not make day-planners and therefore they do not consider that they produce a like good to those imported. Croxley provided a tariff classification ruling from the New Zealand Customs Service (Customs) that ruled day-planners had been correctly classified as a diary. Diaries in a steel ring binder or day-planner (that is, the cover and its contents as one item) have been excluded from the Ministry's investigation.

Visual Diaries

102. The Ministry has found that some imports of visual diaries, which did not fit within the description of goods described at paragraph 93 above, had been classified as a diary under tariff item and statistical key 4820.10.00.02J. Following notification of the initiation of the diaries investigation several parties applied for these goods to be reclassified.

103. Where visual diaries have been found in the Custom's data as diaries they have been excluded from consideration in this investigation.

3.2 New Zealand Production of `Like Goods`

104. 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.

New Zealand Production of Diaries

105. In order to establish the existence and extent of any New Zealand industry for assessing any material injury, it is necessary to determine whether there are New Zealand producers of goods which are like goods to the imported diaries in all respects, or goods which have characteristics closely resembling the imported diaries.

106. Information provided by Croxley and the Ministry's own research identified two other New Zealand producers, Global and Kurtovich, each of which has provided a small amount of information but did not provide a manufacturers' questionnaire response.

107. In identifying which goods the New Zealand industry produces which are like the diaries imported 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. These considerations are assessed below for each New Zealand manufacturer, where information is available, regardless of whether they have been included in the "industry" definition.

Croxley Stationery Limited

108. Croxley is the largest producer of diaries in New Zealand and is considered to manufacture about [REDACTED] percent of the diaries made in New Zealand. It has stated that it produces diaries that are similar to the diaries that are being imported.

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

110. Croxley noted that a wide range of information could be printed in a diary including calendars, international holidays, global time information, air sectors and time differences. Croxley said for the 2008 diary it was [REDACTED] which will include [REDACTED], for example, [REDACTED].

111. Information was provided by Croxley on its product and focus categories for all its manufactured, imported and exported goods, and a full list of the Stock Keeping Units (SKU's) which included those it considered to be like the goods subject to the investigation.

Physical Characteristics

112. 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

113. 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.

114. Over the last four years its data base showed that it had a total of [REDACTED] different Stock Keeping Units (SKU) (in 14 Focus Groups) which are considered to fit within the goods description in paragraph 93.

115. Although a large number of different diaries are produced by Croxley, there are many that differ from each other by only one feature, for example, the colour of the cover, everything else being the same. Each one of these is given a different SKU.

116. As there are multiple possible combinations of features that the diaries can have the following table shows a range of the features that diaries produced by Croxley have, although the list is not exhaustive.

Table 3.2: Diary Features

Size	A4, A5, A6, A7, and possible various sizes in between.
Binding	Case bound, wire-o bound.
Cover material	Book cloth, padded soft touch 'suede like', Skivertex, printed, padded PVC slip case, Balacron, linen laminated, padded bonded leather, PVC, padded soft senzo cover, poly propylene, printed laminated, iridescent book cloth.
Cover colours	Metallic, pastel, red blue black and various other shades, multi colours, pictures/designs.
Pages	Day to page, week to opening, 2 days per page, 2 pages per day, 2 weeks per opening.
Other	Ribbon marker, gold metal corners.

117. 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 [REDACTED]. Croxley said that its highest volume seller was the [REDACTED] diary.

118. The import data provided by Croxley showed that it had imported a range of diaries. Croxley said that the diaries it imports complements its range of diaries on offer and adds variety, for example, [REDACTED] diaries which it does not make. It manufactures and imports wire-o diaries shown in its diary catalogue for the 2007 season.

Production Method

119. Croxley has stated that the production method used for the diaries imported from China, Hong Kong, Indonesia, Korea and Malaysia would be similar to that it uses.

120. From the information collected during the investigation the Ministry considers that the production methods that Croxley employs are similar to those of overseas producers. 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. Wire-o binding requires hole punching and the wire inserted.

121. The main input in the production of diaries is paper and Croxley sources it at world prices. Croxley has been sourcing its paper from the same merchant in [REDACTED] for some years because its prices are very competitive. Croxley also procures paper from other sources depending upon the prices. Croxley purchases other inputs from a variety of sources, i.e. wire from [REDACTED], cover board from [REDACTED] with gum purchased [REDACTED]. In response to the preceding sentences in this paragraph in the EFC report, Corporate Express noted that the manufacturers of imported diaries are located much closer to the paper mills, purchase higher volumes and will have lower paper costs than Croxley. This submission does not address the issue of whether Croxley is producing diaries that are like those imported from the countries under investigation.

122. Noting that the production process varies depending on the diary specifications, Croxley described the production process using the [REDACTED] diary as an example. The [REDACTED] is Croxley's highest volume diary. It has a minimum print run of [REDACTED].

123. The process to produce a diary first requires the production of the printed information to be contained in it. Croxley said that the pre-press process (formatting the printed part on a [REDACTED] based software system) and printing has become more automated in the last 3 to 5 years. The printed contents of the diary are formatted on computer and then transferred to printing plates.

124. The diary is produced in two main parts; the contents, usually consisting of 13 sections, and the cover. The first or last section usually contains reference information.

125. Croxley uses two printing machines to print the contents of a section of a diary onto both sides of a sheet of paper. The paper is then folded by a folding machine to the desired page size and then trimmed. Each printed section is loaded by hand onto the gathering machine which compiles the sections. The sections are then collated and loaded by hand and the sewing machine puts a thread through each of the sections to create a sewn book block. For wire-o holes are required to be punched and the wire threaded through binding the pages together.

126. The raw materials for the cover, the material and board backing, are issued to the Kolbus "case maker" machine. Board to make a hard cover is glued to the paper cover the 'case' being the cover including the board, with the necessary folds required to enclose the paper within. Once these materials are combined, if needed the cover is embossed. The two parts of the diary are then combined on the "compact" line and any other additions such as a ribbon or barcode as well as gluing of the spine are completed at that stage. The finished product is shrink-wrapped, packaged and sent to the warehouse for storage and dispatch.

127. Quality control checks exist at every stage of production and work in progress is signed off by a supervisor.

128. Croxley said that in general New Zealand tends to run older machines as it looks after them well. A number of the machines do not need to be particularly sophisticated and will continue to operate efficiently for many years if they are well maintained. Croxley has [REDACTED] in the last [REDACTED] years and the [REDACTED] it generally buys new as opposed to second hand. Some of the other machines are about [REDACTED] years old.

129. Croxley uses a range of specialists to maintain the machines, and there are mechanics and engineers on site to run the Avondale plant maintenance programmes and ensure that the machines continue to operate smoothly. Croxley said that similar types of machines from the simple ones to the modern high speed printing machines are used around the world. Any art work done in-house since the upgrade of plant last year is now done on computer.

Function and Usage

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

131. The 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 as are the diaries produced by Croxley.

132. The intended use may strongly influence the format of the type of diary purchased (or given as a gift). For example, a diary for which the intended use is the business market, has in all likelihood many more features than a diary intended for use by a lay person or a child, however, a difference in features does not necessarily preclude any diary being used by another intended customer group.

133. Croxley said that diaries which are wire-o bound fulfil the same function as a hardcover book-style diary.

134. Croxley does not make a type of diary with a steel ring binder. This is another form of diary and the cover which may often be a significant part of the cost, can be reused, as long as refills are available, year after year, where a diary in most instances cannot be. Steel ring binder diaries are excluded from the goods subject to this investigation.

135. There are a few other types of diaries which are reusable which have a cover protecting replaceable pages or concertinaed sheets, but these do not have steel ring binders holding them together.

Pricing Structures

136. 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.

137. Croxley has [REDACTED]. These prices [REDACTED] throughout the diary season. Croxley said that the [REDACTED] of sales. Croxley said it has no control over the retail prices and does not as a rule attempt to set recommended retail prices. Croxley said that customer specials were sent directly to the customer through promotions put out with individual stores. In response to the EFC report Corporate Express noted that Croxley does produce wholesale price lists which do include a recommended retail price and provided a copy of Croxley's price list for 2007. It is therefore apparent that Croxley does provide recommended retail prices although it is not clear to what extent these prices are actually adhered to by retailers. Even if retailers largely sell at the recommended retail price it does not provide evidence that Croxley's prices differ to such an extent from the imported product as to indicate that its diaries are not like the imported diaries.

138. Designer range diaries which include corporate type diaries are generally different in price from the diaries made for retail. These diaries are usually made in fairly small volumes to specific specifications and have extra features and are likely to be in a higher price bracket, but this applies to diaries produced domestically by Croxley and to imported diaries.

139. The diaries produced by Croxley compete with diaries from the countries under investigation. While differences in price can determine whether a sale is made, prices do not differ to such an extent as to indicate that the diaries produced by Croxley are not like goods to the imported diaries.

Marketing

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

141. Diaries are a seasonal product with an approximately five to six month sales period from about October to March each year.

142. Croxley's distribution for its products is similar to the channels used for imported diaries from China, Hong Kong, Indonesia, Korea and Malaysia. 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).

143. Apart from Impact branded diaries sold via Warehouse Stationery Ltd, the majority of the imported diaries are either unbranded or of brands 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 a 'customer special' diary.

144. The Collins brand diaries are usually standard type diaries and are sold to wholesalers to distribute or to on-sell to retailers and are held in stock.

145. The diaries produced to customer specifications fall into two categories. The customer special diary is likely to be contracted by a corporate buyer for a one-off run of diaries with specific design features and contents and would take delivery of

all the diaries produced. This type of diary provides an organisation with its own branded product, usually distributed to staff or as gifts to customers. Croxley said a number of these types of diaries are imported, some being sent from parent companies to their subsidiaries in New Zealand.

146. Croxley also produces designer diaries which may be made for a specific customer in the wholesale market for retail sale with some special feature or theme on the cover. Major customers may provide exclusive designs destined for retail sale, for example, Whitcoulls which often provides its own specific design work.

147. The market for designer diaries has increased over the last few years and Croxley said that the corporate diary market is strong at present.

148. Branding is not a prominent feature for differentiating the imported diaries from competing products, but many conform to a standard size convention (e.g. A4, A5, A6 or A7) and with reference to the print layout, for example, DTP or WTV. These physical characteristics are also used by Croxley to market its diaries, but branding has some role in differentiating many of the domestically produced diaries from those subject to the investigation.

149. Croxley stated that its major customers are OfficeMax's Office Supplies which is its largest customer; the Warehouse, Warehouse Stationery; Whitcoulls, and the Paperplus Group. Other than Office Supplies, the other major customers sell into the retail market. Advertising for retail sales is usually done by the retailer.

150. Croxley said that most of the diary range is produced with very little change each year, and these "stock" diaries are generally the Collins brand. Croxley said that there is strong consumer loyalty and demand for the Collins diaries. In response to the EFC report Corporate Express commented that brand loyalty is irrelevant. The Ministry considers that branding can be a factor in the way in which a product is marketed but on its own is unlikely to be determinative in deciding whether New Zealand producers are manufacturing a product which is like the imported product under investigation.

151. Croxley has 11 sales representatives which service the customers' stores. Croxley noted that service was important. There are sales managers for the South Island, the Wellington region and the remainder of the North Island.

152. Croxley stated that retailers take delivery of diaries in about August or September each year. Any stock left over is written off between February and March. As is generally the case in the industry the product is usually destroyed once the selling season is over.

Tariff Classification

153. The imported diaries are classified under the same tariff item and statistical key as that of Croxley's exports indicating that the goods are of a similar nature.

Other

154. Croxley did not provide any information on other items that would assist in the assessment of like goods.

Global Timeplan NZ Limited

155. Global is a small producer of diaries and is situated in Christchurch.

Physical Characteristics

Size, Dimensions and Composition of Product

156. Global provided information on only the A4 and A5 size diaries that it manufactures [REDACTED] selling items, indicating that it also made other sizes as well but provided no information on these.

157. Global provided information from quotes it had submitted for the supply of diaries which indicate that it makes an A5 1 day per page, size 210 x 148mm diary, and an A4 1 day per page 297 x 210mm diary. Each diary has individual specifications which include the print layout, the weight of paper, the number of pages containing company specific information, the cover printing and finish.

158. The quotes provided by Global show that it also has the capability to manufacture corporate type diaries.

Production Method

159. No information was provided on the method of production.

Pricing Structures

160. Global provided some information showing that it has come under pressure from imported diaries but this information does not indicate its diaries are not like goods by reason of pricing structures.

Other

161. Global has not provided any other information that would assist in the assessment of like goods.

K Kurtovich Products Limited

162. Kurtovich's website states that it is a specialist designer and manufacturer of business and social stationery, packaging, promotional products, and point of sales displays mainly from polypropylene sheet. The polypropylene is Kurtovich's specialty material and it provides a full product development and sample production service.

163. It manufactures "personal" stationery such as notebooks, journals, photo-albums and diaries. These products including diaries are made to "suit the client's

needs, where the products are designed and die-cut to achieve a superior opaque or translucent finish”.

164. It produces a wide range of colours and designs for the covers of diaries. It uses wire-o binding.

165. The information that Kurtovich provided shows that it makes A5 DTP, A5 WTV, and A6 WTV type of diaries. There was no information provided on any other types that it made. Kurtovich indicated that it had imported [REDACTED]. It said that these imports amounted to [REDACTED] items with a wholesale value of NZD [REDACTED].

166. No other information was provided that would assist in the assessment of like goods.

Conclusions Relating to Like Goods

167. The factors under consideration for like goods were physical characteristics, which include consideration of the production method, function and usage, pricing structures, marketing, tariff classification and any other factors that could assist in determining whether the New Zealand producers manufacture a like good to the diaries from China, Hong Kong, Indonesia, Korea and Malaysia.

168. Each diary type is different in at least a minor way from every other type of diary resulting in a wide range of types and styles of diaries. The Ministry has therefore grouped these into sub-categories based on the size and features that the diaries display.

169. Diaries manufactured by the New Zealand producers are similar to the diaries imported from China, Hong Kong, Indonesia, Korea and Malaysia. Croxley produces a range of diaries that have similar physical characteristics of size and fit into the sub-categories of ‘Standard’ and ‘Other’ for which there are imports. Kurtovich and Global produce diaries similar to the imports that fit into these categories.

170. The production methods are similar in terms of the types of machinery required but there is not a high level of technology involved. The age of machinery, the speed and the labour content may vary but the diaries still follow much the same sequence and method of production. The function and usage of a diary is essentially the same no matter what company (imported or local) manufactured it. There are differences in style and design and prices, but the diaries compete directly with each other. There are quite distinct market segments such as the corporate, business and wholesale/retail markets but Croxley competes in all of these, and from the information available Global and Kurtovich produce diaries as a result of specific orders from one or more market segments. Diaries are all classified by Customs under the same tariff item.

171. While not identical to the diaries from the countries under investigation in all respects, the diaries that the New Zealand industry manufactures have characteristics closely resembling the diaries that are imported and are, therefore, like goods to the subject goods.

4. Dumping

172. Dumping occurs when an exporter sells diaries to New Zealand at a price lower than it is sold in the country of origin. The price of a diary that is sold in the country of origin is referred to as its normal value. In essence dumping is price discrimination between an export and domestic market.

4.1 Introduction

173. This section of the report explains how the Ministry compared the prices of diaries exported to New Zealand and that sold on the domestic market in the country of origin during the year ended 31 January 2007, to establish whether the diaries are dumped.

174. The Ministry has compared export prices and normal values on a transaction-to-transaction basis. There is another methodology, weighted-average to weighted-average, permitted under the Agreement, however the Ministry prefers to use the transaction based methodology as it compares the diaries sold to domestic customers in the country of origin with similar characteristics to the New Zealand export customers.

175. Using a weighted-average based approach for small economies such as New Zealand can often result in asymmetries through aggregating multiple sales on the domestic market involving high numbers of customers, often with smaller volumes. The result may be, for example, that the average price offered to 200 domestic customers could result in a much higher normal value than that for sales to one or two customers with similar characteristics to the New Zealand export customer. Hence, due in large part to the size of the New Zealand economy where the number of export transactions is normally relatively small, the Ministry considers the transaction based calculation of dumping margins provides a more accurate representation of the extent of any dumping and better effects the fair comparison intent of the Agreement.

176. This transaction based comparison involves selecting an appropriate sale of diaries in each country for comparison with each export transaction to New Zealand, seeking to find sales of the same type of diary, to a customer of a similar size as the export customer, as near as possible at the same time, and making adjustments for any differences that affect price comparability. The comparison carried out by the Ministry of the export price and the normal value for each export transaction then establishes whether or not diaries from China, Hong Kong, Indonesia, Korea and Malaysia are dumped. If any transaction has an export price that is lower than the normal value, it is deemed to be dumped.

177. In establishing export prices and normal values the Ministry has used, in the first instance, verified financial information provided by parties to the investigation. Some interested parties did not participate fully in the investigation and in the absence of the required information, the Ministry has to the extent possible, used the best available information to fill in information gaps, being in the most part information provided by other interested parties. All information that has been

supplied to the Ministry has been used in the preparation of this report where it can be reasonably relied upon.

178. Export prices and normal values have been compared at the ex-factory level, which is the preferred point of comparison under Paragraph 4 of Article 2 of the Agreement, as it removes any differences in downstream costs from the dumping calculation. To arrive at ex-factory values, the Ministry has where appropriate made a number of deductions from the base prices and adjustments have also been made to ensure that the comparison between the diaries sold in each country and that exported to New Zealand is fair.

179. In response to the EFC report, Tasman and The Warehouse queried the use of dumped transactions only in calculating a weighted average dumping margin for each exporter and submitted it was contrary to a finding of the WTO Appellate Body in *United States – Measures Relating to Zeroing and Sunset Reviews* (WT/DS322/AB/R). The Ministry considers that in applying the transaction-to-transaction method it is still necessary to calculate a weighted average dumping margin for each exporter or producer investigated to determine whether their margin of dumping is *de minimis* in terms of Article 5.8 of the Agreement. Calculating a weighted average dumping margin for each exporter does not represent the application of the weighted average-to-weighted average methodology.

180. In calculating a weighted average margin of dumping for each exporter the Ministry considers it is a permissible interpretation of the Agreement to do so on the basis of dumped transactions only. The Ministry holds this view because in calculating the volume of dumped transactions only the volumes of the transactions that are dumped are counted. Including only those transactions that are dumped in the calculation of the weighted average margin of dumping for each exporter or foreign producer therefore ensures consistent treatment of the dumped transactions. The Ministry notes that the way in which it calculates a weighted average dumping margin and the volume of dumped and non-dumped imports when applying the transaction-to-transaction methodology has not been considered by the Appellate Body.

181. All of the exporters at which the Ministry carried out verification visits have been provided with a detailed analysis of the calculation of dumping margins in dumping spreadsheets and a detailed verification report.

182. The calculation of export prices and normal values for each of the exporters and producers selected for investigation is summarised below.

4.2 Export Prices

183. Export prices are the prices of the diaries exported to New Zealand, once adjustments have been made to ensure a fair comparison with the diaries sold on the domestic market pursuant to section 4 of the Act.

184. Export prices have been established by deducting or adding the charges that are incurred only in preparing the diaries for shipment to New Zealand which are not incurred on sales on the domestic market. Details of the base prices and adjustments for each exporter are set out below.

185. In a number of cases, because of a lack of information, it was not possible to calculate export prices that would allow a meaningful comparison with normal values. Those exporters where this was the case are also shown below.

186. The Ministry has converted base export prices from the currency in which they were invoiced to the currency of the country of origin of the goods at the date of sale using the inter bank exchange rate found at <http://www.oanda.com/convert/fxhistory>.

China

Dragon Boat Ltd

187. The diaries supplied by this company were exported to New Zealand by an [REDACTED] did not complete a questionnaire. [REDACTED] exported to [REDACTED]. Customs data records the diaries exported by [REDACTED] as originating in Hong Kong. Subsequent to the release of the EFC report [REDACTED] advised that the diaries were supplied by Dragon Boat Ltd and that the diaries were manufactured in China. Dragon Boat advised subsequent to the release of the EFC report that it is not a manufacturer but sourced the diaries from various manufacturers in China. Dragon Boat would not identify the manufacturers of the diaries and did not provide any other information relating to export prices or normal values. Dragon Boat is recorded in Customs data for the POI as an exporter of diaries of Chinese origin to [REDACTED] and [REDACTED] but was not one of the exporters of Chinese diaries selected for investigation. Customs data shows that the diaries exported by [REDACTED] were sent directly from Hong Kong to New Zealand and involved a total of [REDACTED] diaries. Customs data also shows that the diaries exported by Dragon Boat were exported directly from China to New Zealand and involved [REDACTED] diaries.

188. The Ministry considers the balance of the evidence indicates that the diaries exported by [REDACTED] over the POI originated in China and for the purposes of the investigation has treated [REDACTED] exports as being of Chinese origin. The import data has been adjusted accordingly. This final report differs from the EFC report which treated [REDACTED] exports as originating in Hong Kong.

189. Following the release of the EFC report [REDACTED] provided copies of invoices covering some of its imports of diaries over the POI. [REDACTED], subsequent to the release of the EFC report, also provided a copy of one invoice issued to it by Dragon Boat and a copy of one invoice it issued to [REDACTED]. While this information allowed the Ministry to estimate ex-factory export prices for some of the diaries exported by [REDACTED] over the POI, it was not possible to match any of these diaries with normal values established for other sellers of like goods in China and consequently it was not possible to calculate any dumping margins for [REDACTED] and Dragon Boat.

Haier Fung Choi Printing Ltd

190. This exporter is recorded in the Customs data as Haier Sengcai Printing Ltd and Qingdao Haier Fengcai Printing. The importer, [REDACTED], has identified the exporter as Haier Fung Choi Printing Ltd (HFCP) and it has been assumed this is

the correct name. HFCP did not complete a questionnaire or otherwise provide any information.

191. Customs data shows that HFCP exported [REDACTED] diaries over the POI in [REDACTED] shipments. [REDACTED] did not provide any information other than identifying HFCP as its supplier and providing contact details for HFCP.

192. The only source of information available on the diaries exported by HFCP is Customs data but it was not possible to identify the types of diaries involved from this source. Because of the very wide variety of possible diary types, calculating an average value per diary from Customs data would not allow a meaningful comparison to be made with any normal value information that is available. It was therefore not possible to calculate export prices for HFCP.

Ningbo Guangbo Import & Export Co. Ltd

193. Ningbo Guangbo Import & Export Co. Ltd (Ningbo Guangbo) did not complete a questionnaire or provide any other information other than providing its contact details and confirming that it is a manufacturer of diaries.

194. Ningbo Guangbo sold to [REDACTED], an Australia based company that sold to [REDACTED] in New Zealand. [REDACTED] provided some limited information in response to an exporter's questionnaire but did not provide copies of invoices or any other pricing information that would allow prices of individual models to be established. [REDACTED] did not complete an importer's questionnaire or provide any other information on the prices it paid for its imports. Customs data shows that over the POI the diaries were exported directly from China to New Zealand and that a total of [REDACTED] diaries were exported by Ningbo Guangbo.

195. The only source of information available on the pricing of the diaries exported by Ningbo Guangbo is Customs data but it was not possible to identify the types of diaries involved from this source. Because of the very wide variety of possible diary types, calculating an average value per diary from Customs data would not allow a meaningful comparison to be made with any normal value information that is available. It was therefore not possible to calculate export prices for Ningbo Guangbo.

Ningbo Texstar Trading and Industry Co. Ltd

196. Ningbo Texstar Trading and Industry Co. Ltd (NTTI) appear in the Customs data as exporting diaries to [REDACTED] in New Zealand. [REDACTED] advised it had never imported diaries from NTTI or otherwise had any dealings with this company. [REDACTED] supplied details of its various suppliers of diaries from the countries under investigation and the supplier that provided the diaries attributed to NTTI in the Customs data was identified as Textsun Ltd (Textsun). NTTI has therefore been eliminated from the investigation.

Olympia Diary Guangzhou Ltd

197. Olympia Diary Guangzhou Ltd (ODG) is a joint venture in which Olympia Diary Singapore (OD Singapore) and a related company, Olympia Diary Hong Kong (OD Hong Kong), [REDACTED] percent. OD Singapore completed a questionnaire response for its subsidiaries in China and Malaysia and agreed to the Ministry visiting ODG in Guangzhou where it manufactures diaries.

198. Over the POI ODG exported [REDACTED] units to one importer in New Zealand, [REDACTED]. Exports to New Zealand were wrapped and then packed into containers at the factory and transported by road or river to Hong Kong where they were shipped directly to New Zealand.

199. ODG invoices OD Hong Kong on the basis of the [REDACTED] plus a "handling margin" of [REDACTED] percent. The [REDACTED], however, does not include the cost of the "[REDACTED]" which is provided to ODG on an inter-company transfer basis without charge. OD Hong Kong invoices OD Singapore after adding a handling mark-up to ODG's invoiced price. The New Zealand importer is invoiced by OD Singapore on an [REDACTED] basis.

200. All of the exports were made to order, that is, manufactured specifically to the specifications dictated by the requirements of each order. No stock is held to supply any orders.

Base Prices

201. OD Singapore provided all of the invoices relating to the exports of the diaries from China in the POI. For base prices the Ministry has taken the invoiced [REDACTED] prices in [REDACTED] from OD Singapore to the New Zealand importer.

Date of Sale

202. The date of sale has been taken as the date of the invoice from OD Singapore to the New Zealand importer.

Adjustments

Intermediary Company Margins

203. The margins between OD Singapore and OD Hong Kong, and OD Hong Kong and ODG have been subtracted from the base invoiced price from OD Singapore. Where there was insufficient information to follow the exports back through the chain of invoices provided, a simple average of the margin between OD Singapore and OD Hong Kong, and between OD Hong Kong and ODG, was deducted from the base price.

204. [REDACTED] As noted above the price from ODG to OD Hong Kong does not include the cost of the [REDACTED]. An adjustment has therefore been made to add the cost of the [REDACTED] plus the handling margin of [REDACTED] percent on the [REDACTED], to obtain what the price to OD Hong Kong would have been for a fully costed diary plus handling margin.

Inland Freight

205. The costs of the inland freight were invoiced to ODG and these have been subtracted from the price from ODG to OD Hong Kong for each shipment.

206. On the basis of information provided by ODG, an adjustment has been made for the cost of drayage from Guangzhou to Hong Kong ranging from CNY [REDACTED] to [REDACTED].

Terminal Handling Charge

207. ODG provided invoices for the cost of the terminal handling charge. An adjustment has been made for this for each shipment from Hong Kong ranging from CNY [REDACTED] to [REDACTED].

Documentation Fee

208. ODG provided invoices for the cost of a documentation fee. An adjustment has been made for the cost of a documentation fee relating to the transport of goods from Guangzhou to Hong Kong ranging from CNY [REDACTED] to [REDACTED].

Freight Handling Charge

209. ODG provided invoices for the cost of a freight handling charge. An adjustment has been made for the cost of a freight handling charge from ex-factory in Guangzhou to Hong Kong ranging from CNY [REDACTED] to [REDACTED].

Cost of Credit

210. A cost of credit adjustment has been made for the credit extended to [REDACTED].

211. [REDACTED] pays OD Singapore for the goods so the credit extended has been calculated using Singapore rates. [REDACTED] credit terms recorded on the invoices are variously [REDACTED] days or [REDACTED].

212. The date of sale has been taken as the date of the invoice to the New Zealand importer and the number of days taken to pay for the goods was [REDACTED] and [REDACTED] days for the two relevant invoices. OD Singapore was unable to provide evidence of the cost of its working capital for 2006 so historic information from a Singapore government statistics website showing the prime lending rate for the third quarter of 2006 of 5.33 percent was used. An adjustment has been made for the cost of credit ranging between CNY [REDACTED] and [REDACTED].

Export Prices

213. Export prices have been calculated from base prices by deducting or adding as appropriate the adjustments above to calculate ex-factory prices.

214. The export prices range between CNY [REDACTED] and [REDACTED].

Richgrade Ltd

215. Richgrade Ltd (Richgrade) advised it is a trading company located in China and that it sourced the diaries exported to New Zealand from about [REDACTED] different factories in China. Richgrade did not identify the factories from which the diaries were sourced and described the factories as small operations that do not have export licences, hence their relationship with Richgrade. Richgrade did not complete a questionnaire or provide any other information.

216. Richgrade sells to [REDACTED] an Australian based company. [REDACTED] did not complete a questionnaire and did not provide any information other than identifying Richgrade as its supplier.

217. Customs data shows that some of the diaries exported by [REDACTED] over the POI were exported directly from China and some via Australia. [REDACTED] exports to [REDACTED] in New Zealand.

218. [REDACTED] exported [REDACTED] diaries over the POI.

Base Prices

219. [REDACTED] provided copies of invoices issued by [REDACTED] to [REDACTED] for all of [REDACTED] exports over the POI except for one importation of [REDACTED] diaries. For the importation for which an invoice was not provided it was not possible to establish from the Customs data the type of diaries involved and no other information about this import was available. Base prices could not therefore be established for this importation. For all other imports base prices are the USD FOB prices taken from the invoices provided by [REDACTED].

Date of Sale

220. In the absence of any other information, the date of sale has been taken as the date of [REDACTED] invoice to [REDACTED].

Adjustments

Shipping and Handling Costs from China to Australia

221. An adjustment has been made for shipping and handling costs between China and Australia for those importations that were exported from Australia. These costs have been based on the proportionate difference in the price charged for the same product type exported direct from China and when exported via Australia. The amount of this adjustment is [REDACTED] percent of the price ex-Australia.

Exporter's Margin

222. In the absence of information from [REDACTED], an adjustment has been made for [REDACTED] margin on the basis of the margin taken by an intermediary company in the concurrent *CBS Investigation* that carries out the same type of role as that which appears to be done by [REDACTED]. The amount of this adjustment is [REDACTED] percent of the price after the deduction of any shipping and handling costs between China and Australia.

Costs from Ex-factory to FOB

223. To calculate an ex-factory price, the average percentage that the costs between ex-factory and FOB represent of the FOB price has been taken from another manufacturer making similar products. The costs taken into account cover bill of lading, LCL charges, inland freight from factory to port, terminal handling charges, bank charges, and cost of credit. An adjustment has been made of [REDACTED] percent of the FOB price after the deduction of the adjustments set out above.

Export Prices

224. Export prices have been calculated by deducting from base prices the above adjustments. Export prices range from CNY [REDACTED] to [REDACTED].

Sintex Link Ltd

225. Sintex Link Ltd (Sintex) provided a partial questionnaire response and information provided by this company has been used where possible. Sintex exported diaries directly to [REDACTED]. In its questionnaire response Sintex advised its factory is located in Shenzhen in China. [REDACTED] in its questionnaire response advised that its imports from Sintex are of Hong Kong origin. Customs data records the origin of [REDACTED] importation from Sintex as Hong Kong.

226. Sintex's web site does not explicitly state where its factory is located, but does note the synergy between Hong Kong's expertise in the services sector and the manufacturing capability of Guangdong province in China. The Ministry also notes that Sintex's address in Hong Kong appears to be that of a commercial office building rather than that of a factory location.

227. The Ministry attempted to carry out a verification visit to Sintex which would, amongst other things, have clarified the location of Sintex's factory, but the company advised it could not receive such a visit until around the end of the year.

228. The balance of the evidence available indicates that the diaries exported by Sintex originated in China. For the purpose of the investigation the exports by Sintex have been treated as being of Chinese origin and the import data has been adjusted accordingly.

229. Customs data shows that Sintex exported [REDACTED] diaries to New Zealand over the POI.

Base Prices

230. [REDACTED] provided a copy of the invoice from Sintex for its one importation over the POI which involved only one type of diary. The invoice was in USD on an FOB basis and this price was used to establish a base price.

Date of Sale

231. In the absence of any other information, the date of sale has been taken as the date of Sintex's invoice to [REDACTED].

Adjustments

Costs from Ex-factory to FOB

232. Sintex did not provide information on these costs. To calculate an ex-factory price, the average percentage that the costs between ex-factory and FOB represent of the FOB price has been taken from another manufacturer making similar products. The costs taken into account cover bill of lading, LCL charges, inland freight from factory to port, terminal handling charges, bank charges, and cost of credit. An adjustment has been made of [REDACTED] percent of the calculated FOB price of the goods.

Export Prices

233. An export price has been calculated by deducting from base prices the above adjustment. The export price is CNY [REDACTED].

Texsun Ltd

234. Texsun provided a partial questionnaire response. Texsun has offices in Hong Kong and a factory in China. As noted in paragraph 196 above, exports by Texsun are recorded in Customs data as being made by NTTI.

235. Orders for diaries are placed by [REDACTED], an Australian based company which is related to [REDACTED], with Texsun which manufactures the diaries in China and ships the diaries direct from China to New Zealand.

236. The Customs data shows one small shipment of [REDACTED] diaries as originating from Hong Kong and being exported from Hong Kong. As Texsun has advised its factory is located in China it appears that this shipment has been incorrectly declared as Hong Kong origin. For the purposes of the investigation this shipment has been treated as originating from China.

237. Texsun exported [REDACTED] diaries over the POI.

Base Prices

238. [REDACTED] provided copies of invoices issued by Texsun for all of its exports over the POI. One of these invoices shows that [REDACTED] units declared as diaries are other types of stationery and these imports have therefore been removed from the import statistics. Base prices for all other imports base prices are the USD FOB prices taken from the invoices provided by [REDACTED].

Date of Sale

239. In the absence of any other information, the date of sale has been taken as the date of Texsun's invoice to [REDACTED].

Adjustments

Costs from Ex-factory to FOB

240. Texusun did not provide information on these costs. To calculate an ex-factory price, the average percentage that the costs between ex-factory and FOB represent of the FOB price has been taken from another manufacturer making similar products. The costs taken into account cover bill of lading, LCL charges, inland freight from factory to port, terminal handling charges, bank charges, and cost of credit. An adjustment has been made of [REDACTED] percent of the calculated FOB price of the goods.

Export Prices

241. Export prices have been calculated by deducting from base prices the above adjustment. Export prices range from CNY [REDACTED] to [REDACTED].

WKT Co. Ltd

242. WKT did not complete a questionnaire and initially did not otherwise provide any information other than advising that it is the manufacturer of the diaries it exported to New Zealand and providing its contact details in Hong Kong. Following the release of the EFC report WKT did advise that all of the diaries it exported to New Zealand over the POI were manufactured in China.

243. Customs data shows that over the POI WKT exported [REDACTED] diaries of Hong Kong origin to New Zealand for which there are [REDACTED] entries. The web site of a China supplier trade directory records that WKT is based in Hong Kong with its manufacturing "concentrated" in Shenzhen in China. The Ministry considers that the balance of the evidence available indicates that all of the diaries exported by WKT were produced in China and for the purposes of the investigation has treated all of WKT's exports as being of Chinese origin. The import data has been adjusted accordingly. This final report differs from the EFC report which treated [REDACTED] of the diaries exported by WKT as originating in Hong Kong.

244. WKT exported diaries directly to [REDACTED].

245. [REDACTED] provided copies of the invoices issued by WKT for all of their imports over the POI which were invoiced in USD on an FOB basis. Neither [REDACTED] provided copies of invoices or any other pricing information that would allow prices of individual models to be established. No invoices or any other information on export prices was provided by [REDACTED].

246. The invoices provided by [REDACTED] show that a small quantity of the imports ([REDACTED] units) were other types of stationery incorrectly classified as diaries. The import data has been adjusted to remove these imports.

247. An examination of the invoices and other information on its imports provided by [REDACTED] has established that of the [REDACTED] units imported by [REDACTED], [REDACTED] were not goods under investigation but were various types of calendars. Of the remaining [REDACTED] units, there was insufficient information available to

establish the type of diary involved for a small quantity () and therefore this small quantity could not be compared with a normal value. The import data for China has been adjusted to remove the calendars imported by .

248. Customs data shows that diaries were exported to over the POI. The only source of information available on the pricing of the diaries exported by WKT to is Customs data but it was not possible to identify the types of diaries involved from this source. Because of the very wide variety of possible diary types, calculating an average value per diary from Customs data would not allow a meaningful comparison to be made with any normal value information that is available.

249. It was therefore not possible to establish export prices for WKT's exports to .

Base Prices

250. For the exports to and , base prices were established at the USD FOB prices from the invoices provided by these importers.

Date of Sale

251. In the absence of any other information, the date of sale has been taken as the date of WKT's invoice to .

Adjustments

252. In response to the EFC report stated that there are Chinese government export tax rebates and that these have not been addressed. did not provide any details of any such rebates or any evidence of their existence. No other parties have provided evidence of these rebates.

253. The Ministry has found that there are export tax rebates for "paper products" however has not been able to find the criteria for eligibility or what this specifically covers, such as whether the paper used would itself have to be produced in China for a company to be eligible. The Chinese company visited did not provide any details of an export tax rebate scheme.

254. In the absence of any detail of the tax rebate scheme the Ministry has not made any adjustment for this to export prices.

Costs from Ex-factory to FOB

255. WKT did not provide information on these costs. To calculate an ex-factory price, the average percentage that the costs between ex-factory and FOB represent of the FOB price has been taken from another manufacturer making similar products. The costs taken into account cover bill of lading, LCL charges, inland freight from factory to port, terminal handling charges, bank charges, and cost of credit. An adjustment has been made of percent of the calculated FOB price of the goods.

Export Prices

256. Export prices have been calculated by deducting from base prices the above adjustment. Export prices range from CNY [REDACTED] to [REDACTED].

Hong Kong

257. All of the exporters selected for investigation from Customs data have now been treated as exporting diaries that originated in China rather than in Hong Kong and are therefore now included above under China.

Indonesia

PT AW Faber-Castell Indonesia

258. PT AW Faber Castell Indonesia (Faber Indonesia) did not complete a questionnaire or provide any other information.

259. As noted in paragraphs 37 to 39 above information provided by the New Zealand importer, AW Faber Castell NZ Ltd, indicates that these exports were a type of sketch pad and not diaries. Faber Indonesia has therefore been eliminated from the investigation.

PT Pabrik Kertas Tjwi Kimia TBK

260. Diaries manufactured by PT Pabrik Kertas Tjwi Kimia TBK (Pabrik Kertas) in Indonesia were exported to New Zealand by [REDACTED] based company, from [REDACTED] based exporter, to [REDACTED]. Customs data records that [REDACTED] exported [REDACTED] diaries of Indonesian origin to New Zealand over the POI.

261. [REDACTED] advised that its supplier in Indonesia during the period of investigation was Asia Pulp and Paper Limited (APP) and that its production facility supplying the goods exported to New Zealand is operated by Pabrik Kertas in Indonesia. Pabrik Kertas is a subsidiary of APP. APP declined to participate in the investigation because of what it considered to be the insignificant volume of the goods it exported to New Zealand, and because it considered there would be a substantial cost of participation which the volume of trade did not warrant.

Base Prices

262. Base prices have been taken as the [REDACTED] invoiced amounts in [REDACTED] made by [REDACTED] to [REDACTED] in New Zealand.

Date of Sale

263. The date of sale has been taken as the date of [REDACTED] invoice to the New Zealand importer.

Adjustments

Exporters Margins

264. An adjustment has been made for the combined margin of the exporters, [REDACTED]. The exporter's margin has been calculated, first by matching the product lines on an invoice to a customer in New Zealand with the invoiced [REDACTED] price to [REDACTED], and then by deducting [REDACTED] estimate of [REDACTED] margin of [REDACTED] percent to establish an FOB price from Indonesia. The combined margin taken off the base prices is [REDACTED] percent of the FOB price to the New Zealand importer.

Costs from Ex-factory to FOB

265. To calculate an ex-factory price, the average percentage that the costs between ex-factory and FOB represent of the FOB price has been taken from another manufacturer making similar products. The costs taken into account cover bill of lading, LCL charges, inland freight from factory to port, terminal handling charges, bank charges, and cost of credit. An adjustment has been made of [REDACTED] percent of the calculated FOB price of the goods.

Calculation of Export Prices

266. Export prices have been calculated from the base prices and adjustments outlined above. The export prices range between IDR [REDACTED] and [REDACTED].

Korea

Yangjisa Co. Ltd

267. Yangjisa Co. Ltd (Yangjisa) did not complete a questionnaire or otherwise provide any other information. Export prices for this company have been calculated on the basis of the best information available.

268. Diaries manufactured by Yangjisa were exported to New Zealand via Australian based exporters, [REDACTED]. [REDACTED] advised that it exported to [REDACTED] although the Customs data shows Yangjisa as the exporter of the one shipment of Korean origin made to [REDACTED] over the POI. Dats exported to [REDACTED]. [REDACTED] places its orders via a related company, [REDACTED], which is based in [REDACTED]. In all cases Customs data shows that the diaries were shipped directly from Korea to New Zealand. Customs data records that [REDACTED] diaries were exported to New Zealand by [REDACTED] and Yangjisa over the POI.

Base Prices

269. [REDACTED] provided copies of invoices covering their exports and imports of diaries over the POI and the invoiced FOB amounts in either [REDACTED] or [REDACTED] were used to establish base prices. Neither [REDACTED] nor [REDACTED] provided an invoice for the export to [REDACTED]

of [REDACTED] diaries and in the absence of any information from either Yangjisa or [REDACTED] for this importation, the Ministry considers there is not sufficient information to allow export prices to be calculated which could be compared in a meaningful way with any normal values.

Date of Sale

270. In the absence of any other information, the date of sale has been taken as the date of the invoices issued to the New Zealand importers.

Adjustments

Exporter's Margin

271. An adjustment for the margin taken by [REDACTED] has been made on the basis of [REDACTED] information provided by [REDACTED] of [REDACTED] percent of the FOB price to the New Zealand importer. Because [REDACTED] places its orders through a related company, [REDACTED], it was not considered appropriate to use the same margin for [REDACTED]. An adjustment for the margin taken by [REDACTED] has been made on the basis of the margin taken by an intermediary company in the concurrent investigation being undertaken into CBS from Malaysia that carries out the same type of role as that which appears to be done by [REDACTED]. The amount of this adjustment is [REDACTED] percent of the FOB price to the New Zealand importer.

Costs from Ex-factory to FOB

272. To calculate an ex-factory price, the average percentage that the costs between ex-factory and FOB represent of the FOB price has been taken from another manufacturer making similar products. The costs taken into account cover bill of lading, LCL charges, inland freight from factory to port, terminal handling charges, bank charges, and cost of credit. An adjustment has been made of [REDACTED] percent of the calculated FOB price of the goods.

Export Prices

273. Export prices have been calculated by deducting from base prices the above adjustments. Export prices range from KRW [REDACTED] to [REDACTED].

Malaysia

Chee Wah Corporation Berhad

274. Chee Wah provided a completed questionnaire response and permitted the Ministry to visit it in Malaysia.

275. Chee Wah produces diaries specifically to its New Zealand customer's specifications and when they are manufactured they are immediately packed and transported to New Zealand, mainly by sea, but one consignment was air freighted. Over the POI Chee Wah had [REDACTED] New Zealand customers, [REDACTED] Chee Wah invoices [REDACTED] but the diaries are

transported directly to the warehouses of their customers, [REDACTED]

276. Export sales are made on an FOB basis in USD. Over the POI Chee Wah exported [REDACTED] diaries to New Zealand.

277. The invoice price is the final price and no discount or rebate applies on sales to the New Zealand customers. Chee Wah does not have any corporate affiliation to its New Zealand customers and the relationships are a normal business relationship. All transactions are made at arm's length.

Base Prices

278. Chee Wah provided copies of all invoices issued to its New Zealand customers over the POI. Base prices used in calculating an ex-factory export price are the invoiced FOB USD prices from Chee Wah to [REDACTED] and [REDACTED].

Date of Sale

279. Chee Wah's normal practice is to enter into negotiations when approached to produce and supply diaries to its customers. When matters have been finalised Chee Wah issues a pro-forma invoice that discloses the agreed specifications, volume and prices of the diaries to be supplied to New Zealand. Chee Wah and the Ministry agreed that the pro-forma invoice establishes the material terms of sale as the terms do not alter after this point and the date of sale has therefore been taken as the date of the pro-forma invoice.

Adjustments

Costs from Ex-factory to FOB

280. Chee Wah provided copies of invoices to show the costs that are incurred from the port authorities that relate to export sales, which are additional to the costs and charges incurred on domestic sales. The following paragraphs discuss these charges.

Export Packing

281. Chee Wah advised that once the diaries are packed into containers they are palletised then wrapped in film before packing into shipping containers. This process is not required for domestic sales. Chee Wah did not provide the necessary information on which to establish an adjustment therefore no adjustment in this instance was made.

Inland Freight

282. Chee Wah provided copies of invoices that relate to the transport of diaries from its factory at Butterworth to the export port in Penang. For goods transported to New Zealand by sea Chee Wah was charged MYR [REDACTED] per cubic metre (CBM). The Ministry established from the bill of lading the CBM of each shipment of diaries. To establish a per diary cost the Ministry divided the total charge by the number of diaries of each shipment.

283. Chee Wah did not provide details of the inland freight costs for the consignment sent by air. For this consignment the Ministry considered that Chee Wah would be charged for inland transportation therefore in the absence of specific information it applied the adjustment for the number of diaries nearest to that transported by sea.

284. An adjustment of MYR [REDACTED] or MYR [REDACTED] per unit has been made for the cost of inland freight from the factory to the export port or airport.

Bill of Lading

285. Chee Wah provided copies of invoices to show the charges relating to the bill of lading. The bill of lading is a fixed charge of MYR [REDACTED] per shipment. On the basis of the number of diaries in each shipment, the Ministry made an adjustment of MYR [REDACTED] or MYR [REDACTED] per unit.

286. For the diaries transported by air no adjustment was made as it was considered that the bill of lading charges relate to charges of the port authority only.

Terminal Handling Charges

287. Chee Wah incurs costs associated with terminal handling. It was charged MYR [REDACTED] for a full container load and MYR [REDACTED] for less than a container load.

288. On the basis of the number of diaries in each shipment the Ministry made an adjustment of MYR [REDACTED] or MYR [REDACTED] per unit.

289. For the diaries transported by air no adjustment was made as it was considered that the terminal handling charges relate to charges of the port authority only.

Less Container Load Charges

290. Chee Wah is required to pay extra costs when the export containers are not full. Chee Wah was charged MYR [REDACTED] per CBM.

291. For the shipment that was not a full container load the Ministry has made an adjustment of MYR [REDACTED] per diary based on the total costs divided by the number of diaries within that container.

Other Export Costs

Bank Charges

292. Chee Wah is charged USD [REDACTED] per receipt of payment that is made by telegraphic transfer. Chee Wah's export customers pay by telegraphic transfer. The Ministry sighted evidence of the bank charge that is removed from the deposited funds.

293. The Ministry converted the USD to MYR using the exchange rate used to convert the currency as at the date of sale and calculated an adjustment of MYR [REDACTED] or MYR [REDACTED] per unit.

Cost of Credit

294. Chee Wah requires its export customers to pay for the diaries [REDACTED] days from the date of transmission of the shipping documents and the invoice. Chee Wah provided bank statements which showed that its New Zealand customers paid their account between [REDACTED] and [REDACTED] days from the date of the invoice.

295. To establish the cost of working capital on a per unit basis the Ministry converted the cost of credit per annum into a cost of credit for the number of days credit that was actually extended and multiplied this by the selling price converted to MYR.

296. Based on the average overdraft rate of [REDACTED] percent the Ministry has made an adjustment of between MYR [REDACTED] and MYR [REDACTED] per unit.

Calculation of Export Prices

297. From the base prices and adjustments outline above the Ministry has calculated ex-factory export prices ranging from MYR [REDACTED] to MYR [REDACTED] per unit.

Ginhau Psn Printing (M) Sdn Bhd

298. Ginhou Psn Printing (M) Sdn Bhd (Ginhau) did not complete a questionnaire or otherwise provide any information.

299. Customs data shows that over the POI Ginhou exported to [REDACTED]. The Customs data also shows that Ginhou shipped the goods directly from Malaysia to New Zealand and that over the POI a total of [REDACTED] diaries were exported to New Zealand.

300. Neither [REDACTED] nor [REDACTED] provided copies of invoices or any other pricing information that would allow prices of individual models to be established.

301. The only source of information available on the pricing of the diaries exported by Ginhou is Customs data but it was not possible to identify the types of diaries involved from this source. Because of the very wide variety of possible diary types, calculating an average value per diary from Customs data would not allow a meaningful comparison to be made with any normal value information that is available. It was therefore not possible to calculate export prices for Ginhou.

Olympia Diary (M) Sdn Bhd

302. This company was previously known as CW Olympia Sdn Bhd when it was jointly owned by Chee Wah and OD Singapore. In June 2006 it became wholly owned by OD Singapore and changed its name to Olympia Diary (M) Sdn Bhd (ODM). Export orders come through OD Singapore and OD Singapore invoices the New Zealand customer, [REDACTED]. ODM fills the orders and ships the goods directly to New Zealand. The invoiced prices during the POI were [REDACTED]. ODM exported [REDACTED] diaries to New Zealand over the POI.

303. ODM said that in 2006, [REDACTED], most of ODM's standard hardcover diaries were manufactured [REDACTED]. However, ODM also said that in the case of the exports to New Zealand over the POI, it [REDACTED]. This entails amongst other things, the corporate page, the design of the information inside, the printing of the pack and the trim inserts, the binding and the individual names on the covers.

304. ODM said that the diaries it exports to New Zealand are [REDACTED] wrapped as is done for the domestic market but are [REDACTED] wrapped in packets of [REDACTED] and put into cartons of [REDACTED]. Information provided to support the standard costs of printing was recorded on a standard cost sheet.

305. ODM said that it did not and does not provide [REDACTED] with any marketing support such as advertising or promotional materials or any other benefits.

Base Prices

306. The base prices used in calculating ex-factory export prices have been taken as the invoiced USD [REDACTED] price of the goods from OD Singapore to the New Zealand importer.

Date of Sale

307. The date of sale was taken as the date of the invoice from OD Singapore to the New Zealand importer.

Adjustments

Intermediary Company Margin

308. ODM invoices OD Singapore for the price of the goods that ODM has manufactured and exported to New Zealand. Where possible the goods exported to New Zealand have been matched with the goods that ODM invoiced OD Singapore. In order to calculate an ex-factory price, the difference between the invoiced price to New Zealand and the invoiced price to OD Singapore from ODM for each transaction has been subtracted from the invoiced price to New Zealand.

309. Adjustments to the base price have been made for the margin which range between [REDACTED] and [REDACTED] percent. Where goods exported to [REDACTED] were unable to be matched with invoices from ODM to OD Singapore, a simple average of the margins of [REDACTED] percent was subtracted from the base price.

Costs from Ex-Factory to FOB

310. ODM provided one example of an invoice of the cost of freight but it was not related to the exports to New Zealand and was considered insufficient in supporting the costs incurred to the FOB level.

311. The costs from ex-factory to FOB have been estimated using the costs from the factory to the wharf from another manufacturer exporting similar goods. An adjustment has been made for these costs, which cover bill of lading, LCL charges,

inland freight from factory to port, terminal handling charges and bank charges, of [REDACTED] percent of the invoiced FOB export price to the New Zealand customer. This adjustment excludes the cost of credit for which a separate adjustment has been made.

Cost of Credit

312. A cost of credit adjustment has been made for the cost of extending credit to the New Zealand importer. The number of days it took [REDACTED] to pay for the goods for each shipment was [REDACTED] days. A bank rate of [REDACTED] percent has been used as the overdraft lending rate applicable to the goods for another manufacturer of similar goods in Malaysia. A cost of credit adjustment has been made which ranges between [REDACTED]

Calculation of Export Prices

313. Export prices have been calculated using the base prices and adjustments outlined above. Export prices range between MYR [REDACTED] and [REDACTED].

UPA Press Sdn Bhd

314. UPA Press Sdn Bhd (UPA) did not complete a questionnaire, but did provide a list of the value of its shipments to New Zealand over the POI, a brief company profile and a product catalogue. None of this information allowed the prices of each of the types of diaries exported to New Zealand to be established.

315. Customs data shows that over the POI UPA exported diaries to [REDACTED], the goods being shipped directly from Malaysia to New Zealand.

316. UPA exported [REDACTED] diaries over the POI.

Base Prices

317. [REDACTED] provided copies of the invoices from UPA for all of its importations over the POI. The invoices were in USD on either an FOB or ex-factory basis and these prices were used to establish base prices. The invoices show that the shipments invoiced on an ex-factory basis were sent by air.

318. One of the shipments made by UPA of [REDACTED] diaries is recorded in the Customs data as being of Chinese origin and as being exported from China. The invoice provided by [REDACTED] shows that this shipment was exported from a port in Malaysia and it appears to have been incorrectly declared as originating from China. For the purposes of the investigation this shipment has been treated as originating in Malaysia.

Date of Sale

319. In the absence of any other information, the date of sale has been taken as the date of UPA's invoices to [REDACTED].

Adjustments

Costs from Ex-factory to FOB

320. UPA did not provide information on these costs. To calculate an ex-factory price, the average percentage that the costs between ex-factory and FOB represent of the FOB price has been taken from another manufacturer making similar products. The costs taken into account cover bill of lading, LCL charges, inland freight from factory to port, terminal handling charges, bank charges, and cost of credit. An adjustment has been made of [REDACTED] percent of the calculated FOB price of the goods.

Export Prices

321. Export prices have been calculated by deducting from base prices the above adjustment. Export prices range from [REDACTED] to [REDACTED] MYR per diary.

4.3 Normal Values

322. The normal value is the price that the manufacturers in China, Hong Kong, Indonesia, Korea and Malaysia sell their diaries on the domestic market. The types of sales that can be used to determine normal values are set out in section 5 of the Act, which can generally be described as sales in the ordinary course of trade between unrelated parties.

323. Where sufficient information has not been provided or is not available, normal values can be established under section 6 of the Act, having regard to all available information. In many cases there was little or no information available on normal values, and to the extent possible normal values have been established under section 6 of the Act.

324. Paragraph 2 of Article 2 of the Agreement states that domestic sales of diaries should normally be in excess of 5 percent of export sales to New Zealand in order to be used as a base for normal values. The Ministry has calculated the volume of export sales to New Zealand that sales of diaries represent in each of the territories and it is well in excess of 5 percent for each manufacturer at which a verification visit was undertaken.

325. The Agreement also states that sales at a loss may be disregarded for the purposes of determining normal values in certain circumstances. While some information presented to the Ministry by Chee Wah indicated that sales of diaries on the Malaysian domestic market were made at a loss the Ministry was unable to verify this information and other publicly available information indicated that sales were being made at a profitable level. The Ministry is satisfied that sales of diaries by Chee Wah on the domestic market are suitable for establishing normal values.

326. Normal values have been established by adjusting to the extent possible the base prices for any differences that affect price comparability between the diary used to establish normal values and the diary exported to New Zealand. An explanation of the base prices and adjustments for each manufacturer is described below.

China

Dragon Boat Ltd

327. Because of the absence of any information from Dragon Boat on normal values in China, the Ministry examined whether it was possible to establish normal values under section 6 of the Act, having regard to all available information. The only other information on normal values in China is that from [REDACTED].

328. Because of the limitations of the information provided late in the investigation on the types of diaries supplied by Dragon Boat and the types of diaries for which normal values had been [REDACTED] for [REDACTED], the Ministry was not able to match any of these diaries with normal values [REDACTED] for [REDACTED]. It was consequently not possible to calculate any dumping margins for Dragon Boat.

Haier Fung Choi Printing Ltd

329. As noted above under export price, it was not possible to establish export prices for HFPC that would allow a meaningful comparison with any available normal values. Normal values have therefore not been established for HFPC.

Ningbo Guangbo Import & Export Co. Ltd

330. As noted above under export price, it was not possible to establish export prices for Ningbo Guangbo that would allow a meaningful comparison with any available normal values. Normal values have therefore not been established for Ningbo Guangbo.

Olympia Diary Guangzhou Ltd

331. There are no sales made by ODG on the Chinese domestic market. Normal values have been therefore been constructed for each of the types of diaries exported to New Zealand.

Constructed Normal Values

332. ODG's costing sheet for sales to New Zealand has been used as the basis for the costs. As noted under export price above, these costs do not include the cost of the [REDACTED]. The cost of the [REDACTED] has therefore been estimated from another source inclusive of the cost of "wire-o" binding as [REDACTED] percent of the total cost of a diary. This percentage has been applied to the processing costs on the costing sheet, excluding the handling margin of [REDACTED] percent.

Profit Margin

333. In the absence of any information from ODG, the rate of profit that would normally be realised on sales of goods in the same general category as diaries on the Chinese domestic market has been taken from a company selling the same general category of goods in China as allowed for by the Anti-Dumping Agreement Article 2.2.2(iii). This profit margin is 14.1 percent.

Adjustments

334. The Ministry did not have any information available that indicated any adjustments were required and therefore no adjustments have been made.

Normal Values

335. The constructed normal value calculations give a range of normal values of between CNY [REDACTED] and [REDACTED].

Richgrade Ltd

336. As noted above under export price, Richgrade sources the diaries that are exported to New Zealand from several factories in China but did not identify these factories. Richgrade did not advise whether it sold diaries on the Chinese domestic market or otherwise provide any information on normal values in China.

337. In the absence of any information from Richgrade, normal values have been established under section 6 of the Act having regard to all available information. The best information on normal values in China is that from [REDACTED].

Base Prices

338. Normal values for [REDACTED] were [REDACTED] on the basis explained above. Given the limitations of the information available on the types of diaries exported to New Zealand and the types of diaries for which normal values had been constructed for [REDACTED], the Ministry was only able to match two of the types of diaries exported to New Zealand with a corresponding base normal value. The base normal value is CNY [REDACTED].

Adjustments

339. The Ministry did not have any information available that indicated any adjustments were required and therefore no adjustments have been made.

Normal Values

340. The normal value established for Richgrade is CNY [REDACTED].

Sintex Link Ltd

341. As noted previously this company provided a partial questionnaire response, but the information provided on normal values consisted only of a single invoice for a domestic sale for a product described on the invoice as a "calendar". It therefore appears that this product is not a like good to the goods under investigation and therefore cannot be used to establish normal values. The best information on normal values in China is that from [REDACTED].

Base Prices

342. Normal values for [REDACTED] were [REDACTED] on the basis explained above. Sintex exported only one type of diary to New Zealand over

the POI and it was possible to match this with a similar type of diary for which a normal value was constructed, the constructed normal value being CNY [REDACTED].

Adjustments

343. The Ministry did not have any information available that indicated any adjustments were required and therefore no adjustments have been made.

Normal Values

344. The normal value established for Sintex is CNY [REDACTED].

Texsun Ltd

345. Texsun advised it does not sell diaries on the domestic market in China. Texsun did not provide any information on its costs of production or profit margins in China that would allow normal values to be constructed.

346. In the absence of any information from Texsun, normal values have been established under section 6 of the Act having regard to all available information. The best information available on normal values in China is that from [REDACTED].

Base Prices

347. Normal values for [REDACTED] were [REDACTED] on the basis explained above. Given the limitations of the information available on the types of diaries exported to New Zealand and the types of diaries for which normal values had been constructed for [REDACTED], the Ministry was only able to match two types of diaries exported to New Zealand with a corresponding base normal value. The base normal value is CNY [REDACTED].

Adjustments

348. The Ministry did not have any information available that indicated any adjustments were required and therefore no adjustments have been made.

Normal Values

349. The normal value calculated for Texsun is CNY [REDACTED].

WKT Co. Ltd

350. WKT did not provide any information on normal values in China.

351. In the absence of any information from WKT, normal values have been established under section 6 of the Act having regard to all available information. The best information available on normal values in China is that from [REDACTED].

Base Prices

352. Normal values for [REDACTED] were [REDACTED] on the basis explained above. Given the limitations of the information available on the types of diaries exported to New Zealand, the relatively small number of diaries for which export prices could be established and the types of diaries for which normal values had been [REDACTED] for [REDACTED], the Ministry was only able to match four types of diaries exported to New Zealand with a corresponding base normal value. The base normal values range from CNY [REDACTED] to [REDACTED].

Adjustments

353. The Ministry did not have any information available that indicated any adjustments were required and therefore no adjustments have been made.

354. In response to the EFC report [REDACTED] stated that most of the Chinese exporters are not selling on the domestic market and that their export price is their normal price. It says that because there is “no substantial evidence or hard evidence” of local market prices because the companies are only export enterprises, that their export price should be treated as their normal price.

355. In circumstances such as this the Act allows prices of other sellers in the domestic market to be used or if these are not suitable to construct a normal (domestic) value for the goods. In the case of China the Ministry had no information on other sellers of like goods and so constructed normal values under section 5 (d) of the Act.

Hong Kong

356. As noted above under export price, all of the exporters selected for investigation from Customs data are now being treated as exporters of diaries of Chinese origin rather than of Hong Kong origin and are therefore included above under China.

Indonesia

PT Pabrik Kertas Tjwi Kimia TBK

357. As noted previously this company did not provide any information and no other Indonesian manufacturers or exporters of diaries of Indonesian origin have provided any information on normal values. Normal values have therefore been established under section 6 of the Act having regard to all available information. The only information available on normal values in Indonesia is that provided by Croxley in its application.

Base Prices

358. In its application Croxley calculated a normal value for Indonesia based on its own costs to manufacture an A4 diary with one day per page. 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.

359. Croxley considered in its application that the overheads and material costs in Indonesia would be similar to its own and therefore no adjustment was made to these amounts. However, Croxley considered it appropriate to adjust the labour component costs. To do this Croxley calculated the labour time necessary to manufacture a single diary ([REDACTED] minutes) and applied that to the average Indonesian manufacturing wage rate for 2006. Using the 2004 Statistical Yearbook for Asia and the Pacific (2004 Yearbook) the 2006 wage rate has been estimated using a multiplier based on the wage trend from 1998 to 2001 published in the 2004 Yearbook.

360. Croxley converted its New Zealand manufacturing overheads and materials component costs to IDR using the exchange rate at 7 December 2006. Because the date of the export sale to New Zealand was 16 August 2006 these costs have been converted to IDR at the exchange rate on this date. The base price established on this basis is IDR [REDACTED] per diary. The base price established on the basis set out above was able to be matched with only one of the types of diaries manufactured by Pabrik Kertas that were exported to New Zealand.

Adjustments

361. The Ministry did not have any information available that indicated any adjustments were required and therefore no adjustments have been made.

Normal Values

362. The normal value established for Pabrik Kertas is IDR [REDACTED], as shown above.

Korea

Yangjisa Co. Ltd

363. As noted previously Yangjisa did not provide any information. Yangjisa is the only Korean manufacturer amongst the exporters selected for investigation. None of the other exporters selected for investigation are based in Korea and none of them provided any information on normal values. Consequently there is no information available from any other Korean manufacturers or exporters of diaries of Korean origin that could be used to establish normal values. Normal values have therefore been established under section 6 of the Act having regard to all available information. The only information available on normal values in Korea is that provided by Croxley in its application.

364. In its application Croxley calculated a normal value for Korea using the same method as for Indonesia but using the applicable Korean manufacturing wage rate. The 2006 wage rate was estimated using a multiplier based on the wage trend from 2001 to 2003.

365. Croxley converted its New Zealand manufacturing overheads and materials component costs to KRW using an exchange rate in December 2006. Because the date of the export sales to New Zealand was 10 August 2006 these costs have been converted to KRW at the exchange rate on this date. The base price established on this basis is KRW [REDACTED] per diary. The base price established on the basis set out above was able to be matched with only one of the types of diaries manufactured by Yangjisa that were exported to New Zealand.

Adjustments

366. The Ministry did not have any information available that indicated any adjustments were required and therefore no adjustments have been made.

Normal Values

367. The normal value established for Yangjisa is KRW [REDACTED], as shown above.

Malaysia

Chee Wah Corporation Berhad

Introduction

368. Chee Wah sells on the domestic market two types of diaries only, a PVC Management diary and a daily diary. The Ministry discussed with Chee Wah the most suitable comparative diaries to that exported to New Zealand. The daily diary was identified as similar to a hard cover diary exported to New Zealand, however, it was not similar to the wire-o diary exported to New Zealand. Having sighted the diaries under consideration the Ministry and Chee Wah identified that a wire-o note book was a most similar product to the wire-o diary exported to New Zealand. On this basis Chee Wah provided information on sales of the daily diary and a wire-o note book.

369. The Ministry examined whether domestic sales were sufficient in terms of volume to be used to establish normal values and whether those sales were made in the ordinary course of trade.

370. The Ministry compared the volume of diaries exported to New Zealand against the volume of diaries sold on the domestic market. The volume of sales on the domestic market were in excess of 5 percent of export sales therefore in terms of Article 2.2 of the Agreement the Ministry was satisfied that the volume of domestic sales was sufficient to be used to establish normal values.

371. The most detailed information on whether domestic sales are made at a profit or loss and thereby satisfying the test as to whether they have been made in the ordinary course of trade is a cost breakdown on the domestic sales of like goods. Chee Wah provided financial information on its costs of materials, direct labour, overheads which includes manufacturing overheads, financing costs, packaging costs, selling and administration and its net profit per unit. The Ministry was unable to verify a selection of these figures as this information is only known to the

management of the company therefore the Ministry looked to the audited accounts of the company as whole. The audited accounts showed that the company operated at a net profit in 2006. In the absence of other verifiable information the Ministry was satisfied that domestic sales were not made at a loss and therefore could be used to establish normal values.

Domestic Sales Distribution

372. Chee Wah's domestic customers are wholesalers. The wholesalers are small firms who purchase small volumes of a large range of goods. The wholesalers sell their products to distributors who on-sell to retailers. When the customers place their orders the diaries are dispatched immediately, subject to stock availability. Invoices are issued when the diaries are delivered. Chee Wah's customers are invoiced on a FIS basis

Selection of Domestic Customer

373. Chee Wah provided the Ministry with a list of customers from which two wholesalers were chosen to establish normal values i.e. [REDACTED].
Chee Wah advised that its customers irrespective of the volume purchased are charged the same price that is in their annual price list.

Base Prices

374. The Ministry used the invoiced value per unit to [REDACTED] and [REDACTED] as the base prices.

Adjustments

Discounts

375. All customers receive a standard discount of [REDACTED] plus [REDACTED] plus [REDACTED] percent which cumulatively is [REDACTED] percent. If a customer pays within [REDACTED] days, [REDACTED] they receive a prompt payment discount of [REDACTED] percent. Chee Wah also offers a special discount of [REDACTED] percent if the customer pays within [REDACTED] days.

376. The domestic customers chosen by the Ministry received the standard discount, no customers received the [REDACTED] percent prompt payment discount and [REDACTED] only received an additional discount of [REDACTED] percent.

377. Adjustments for discounts range from MYR [REDACTED] and MYR [REDACTED] per unit.

Physical Characteristic Adjustments

378. Chee Wah advised that the difference between the exported diaries to New Zealand and those sold on the domestic market relate to the size; number of pages; type of paper; paper grammage; type of paperboard; manufacturing process; printing; and finishing.

379. The Ministry considered that it was appropriate to make adjustments for the differences in the size and the content of the diaries. To this end the Ministry calculated an adjustment based on the ratios calculated from the differences in sizes (height and width) and contents (number of pages and grammage).

380. The Ministry first established the proportion that the materials represented of the ex-factory cost of the diaries and wire-o note book for which export prices and normal values had been compared. The calculation established that the average cost of materials as a proportion of the ex-factory prices was [REDACTED] percent.

381. From a bill of materials the Ministry calculated the proportion that the “content” materials represented of the total cost of materials and other costs as a percentage of the costs of materials for the four relevant diaries, the percentages being [REDACTED] percent and [REDACTED] percent respectively.

382. The amount of the adjustment for physical differences in “content” materials was calculated by multiplying the net price by the cost of materials as a proportion of the ex-factory prices and the proportion that the content materials represented of the total cost of materials. This calculation established adjustments of MYR [REDACTED] or MYR [REDACTED] per unit.

383. To adjust for the differences in sizes the Ministry has multiplied the net price i.e. after adjusting for the differences in content by the proportional differences in sizes between the diaries exported and those on which normal values were established. The calculation established adjustments of MYR [REDACTED] or MYR [REDACTED] per unit.

Level of Trade

384. Chee Wah only sells to wholesalers, who on sell to resellers or retailers on the domestic market. Chee Wah also considered its New Zealand customers to be wholesalers as they sell their goods to retailers, therefore no adjustments were required for differences in the level of trade.

Quantities

385. The price offered by Chee Wah to its domestic customers was the same regardless of volume, however, [REDACTED]. Chee Wah advised that [REDACTED].

386. Due to Chee Wah’s comments and the lack of evidence before it, the Ministry has not made an adjustment for [REDACTED].

Inland Freight

387. Chee Wah uses an independent freight forwarder, [REDACTED] for its internal transport requirements. Chee Wah is charged a per kg price which changes depending upon the weight of the consignment. The larger the number of kgs the lower the price per kg. From Chee Wah’s catalogue, that shows the weight of each carton for each type of stationery, the Ministry was able to calculate the cost per unit for freight to its domestic customers.

388. The Ministry made an adjustment of between MYR [REDACTED] and MYR [REDACTED] per unit.

Cost of Credit

389. Chee Wah's credit terms are [REDACTED] or [REDACTED] days. The Ministry established from the information provided by Chee Wah the number of days each customer took to satisfy the outstanding account. According to the date of [REDACTED] invoice and receipt of payment detailed in the customer transaction list it took [REDACTED] days for the account to be satisfied. According to the date of [REDACTED] invoice and the number of payments made by [REDACTED] on its receipt, payment was made within [REDACTED] days.

390. To establish the cost of working capital on a per unit basis the Ministry converted the cost of credit per annum into a cost of credit for the number of days credit that was actually extended and multiplied this by the selling price.

391. Based on the average overdraft rate of [REDACTED] percent the Ministry has made an adjustment of MYR [REDACTED] or MYR [REDACTED] per unit.

Import Duty

392. Chee Wah provided evidence that due to import duty paid on paper imports it cost more to produce diaries for the domestic market than for diaries exported to New Zealand, as the import duty exemptions were only given on re-exported converted materials.

393. The Ministry applied a downward adjustment to the domestic price to allow for a different treatment of import duty affecting the cost of paper inputs. Seven percent of the cost of the paper content of each product's raw materials was deducted with adjustments ranging from MYR [REDACTED] to MYR [REDACTED] per unit.

Taxation

394. Chee Wah advised that sales tax did not apply to sales of diaries in Malaysia therefore as the base prices were tax free the Ministry did not make an adjustment.

Sales Commission

395. Chee Wah pays sales executives [REDACTED] percent commission from the funds collected from a customer and therefore is based on the net price achieved. Chee Wah provided evidence of the payment.

396. In the EFC report the Ministry noted that it considers this function is an internal selling and administration cost, and while it may not be incurred via the same mechanism in respect of export sales, the underlying function would and therefore an adjustment should not be made. On this basis no adjustment was made for sales commission in the EFC report.

397. In response to the EFC report an importer from Chee Wah queried the lack of an adjustment for this commission and claimed that it was the Ministry's normal practice to make an adjustment for sales commissions.

398. The Ministry's approach is that an adjustment would be considered only if it could be demonstrated that the difference in costs resulted in a difference in prices such that the domestic price is not properly comparable with the export price. In this case the Ministry did not have any evidence to show that the payment of this commission had any impact on the price that Chee Wah is able to achieve in the Malaysian domestic market. Nor did the Ministry have any evidence that the payment of this commission otherwise impacted on the return that Chee Wah is able to achieve from its domestic sales using this particular method to pay for the costs that the commission covered as opposed to a more indirect method of paying for these costs. No adjustment has therefore been made.

Branding

399. Chee Wah advised that its domestic sales include a branding cost of [REDACTED] percent. This amount is for the design house to maintain the design bank. Chee Wah said it was a hidden/sunk cost and is allocated against its selling and administration costs.

400. Chee Wah did not provide any evidence to support this difference in costs or show that it affected per unit prices offered to customers. On this basis the Ministry did not make an adjustment.

Normal Values

401. Normal values calculated for Chee Wah ranged from MYR [REDACTED] to MYR [REDACTED] per unit.

Ginhau Psn Printing (M) Sdn Bhd

402. As noted above under export price, it was not possible to establish export prices for diaries exported by Ginhau that would allow a meaningful comparison with any available normal values. Normal values have therefore not been established for Ginhau.

Olympia Diary (M) Sdn. Bhd.

403. Most of ODM's domestic sales during the POI were made as a result of its entering into contracts with corporate companies from Malaysia (and elsewhere). These contracts typically are for the supply of large volumes of one or two specifically designed diaries. The diaries were often destined for the customers' domestic and overseas offices and/or their clients and may be sent in many small volume packages. Diaries are sold on a FIS basis.

404. In the EFC report the Ministry noted that it did not consider that the prices of a large volume of a single type of diary could be fairly compared to with the prices of a number of different types of diaries exported to New Zealand and consequently constructed normal values. Following the release of the EFC report and as a result of submissions made by the New Zealand importer from ODM, the Ministry re-considered the basis on which normal values were established for ODM.

405. The Ministry re-considered whether it could use sales by ODM on the Malaysian domestic market with adjustments made for differences in quantities.

None of ODM's domestic sales for which invoices were available were a close match with the types of diaries that were exported to New Zealand. To use these sales would therefore require adjustments for physical differences. In order to adjust for physical differences, various physical parameters of the diaries being compared and information relating to the proportions that materials represent of the total cost of production and the proportions that the content materials and all other materials represent of the total cost of materials, would be required. There was insufficient information of this nature available to allow reasonable physical difference adjustments to be calculated.

406. The Ministry then considered the use of sales by another seller of like goods on the Malaysian domestic market, [REDACTED]. The sales of like goods by [REDACTED] for which data is available were not a close match with the types of diaries exported to New Zealand by ODM but there was sufficient information available to allow physical difference adjustments to be made for the majority of transactions.

Base Prices

Sales by other Sellers of Like Goods

407. Where it was possible to use a domestic sale by [REDACTED] and make adjustments for physical differences, base prices have been established on the basis of the relevant sale net of discounts. Normal values were established on this basis for 68 percent of all transactions.

Constructed Normal Values

408. For those export transactions where it was not possible to match the export transaction with a sale on the domestic market to which a physical difference adjustment could be applied, normal values were established on a constructed basis. Normal values were constructed based on costs in a costing sheet provided by ODM, which included diaries sold on the domestic market which were more similar to those exported to New Zealand. The costs shown were for the [REDACTED], raw materials, and average processing costs. The average volume of each type of product exported to New Zealand over the period of investigation was approximately [REDACTED].

409. The profit margin was based on the margins from a price/volume table that is recorded as a guide in the costing sheet which was taken as being indicative of the rate of profit normally realised on the sale of diaries on the Malaysian domestic market. The costing sheet showed a profit margin for the manufacture of [REDACTED] diaries as being [REDACTED] percent of costs and for [REDACTED] diaries as being [REDACTED] percent. The profit margin used in the construction of the normal values was [REDACTED] percent being the mid-point between these two amounts and therefore indicative of the margin that would be achieved on sales of each type of diary if sold on the domestic market in the same volumes as those exported to New Zealand.

410. The Ministry has corrected some errors in the calculation of the constructed normal values which has reduced the relevant normal values from those reported in the EFC report.

411. Normal values were constructed for 32 percent of all transactions.

Range of Base Prices

412. Base normal values range from MYR [REDACTED] to [REDACTED].

Adjustments

413. The Ministry did not have any information available that indicated any adjustments were required to the constructed normal values and therefore no adjustments have been made to constructed base prices.

Physical Characteristic Differences

414. Adjustments were made for physical differences for differences in the number of pages and grammage of the paper (applied to the content materials) and on the basis of differences in the size of the diaries (height x width) which was applied to all other materials. These adjustments have been based on information provided by [REDACTED] and were calculated on [REDACTED].

415. Adjustments for physical differences range from MYR [REDACTED] to [REDACTED].

Cost of Credit

416. An adjustment for the cost of credit was made on the basis of the average length of credit extended by [REDACTED]. The interest rate used is the same as that used to calculate the cost of credit adjustment on the export prices for ODM.

417. The adjustments for cost of credit range from MYR [REDACTED] to [REDACTED].

Inland Freight

418. An adjustment has been made for the cost of freight to customers at the same amount as the adjustment made for sales by [REDACTED] of the same type of diary.

419. The adjustment for inland freight was MYR [REDACTED].

Normal Values

420. Normal values range from MYR [REDACTED] to [REDACTED].

UPA Press Sdn Bhd

421. In the absence of any information from UPA, normal values have been established under section 6 of the Act having regard to all available information. The best information on normal values in Malaysia is that provided by [REDACTED].

Base Prices

422. Normal values for [REDACTED] were established on the basis explained under their respective headings. Within the limitations of the descriptions of the

types of diaries exported to New Zealand and the types of diaries for which normal values had established for [REDACTED], the Ministry was only able to match two of the types of diaries exported to New Zealand with a corresponding normal value. Base normal values are MYR [REDACTED] and [REDACTED].

Adjustments

423. The Ministry did not have any information available that indicated any adjustments were required and therefore no adjustments have been made.

Normal Values

424. Normal values calculated for UPA are MYR [REDACTED] and [REDACTED].

4.4 Comparison of Export Prices and Normal Values

425. The Ministry has compared the export prices and normal values on a transaction to transaction basis. The extent to which the normal value exceeds the export price is the dumping margin.

426. The following tables show the dumping margins that have been established for each producer or exporter where it was possible to establish and compare export prices and normal values. For those transactions for each producer or exporter where there was insufficient information to compare an export price with a normal value, it has been assumed they were dumped at the weighted average dumping margin calculated for that producer or exporter from those transactions where it was possible to make this comparison.

427. Where there was insufficient information to establish and compare export prices and normal values for a producer (or an exporter if the producer could not be identified) it has been assumed that all of the transactions for that producer or exporter were dumped at the weighted average dumping calculated for those producers and exporters where this comparison was possible. Details of these producers or exporters are also shown below.

China

Dragon Boat Ltd

428. Because it was not possible to establish normal values that could be compared to the export prices established for this company dumping margins have been established at the weighted average dumping margin calculated for those exporters where this comparison was possible. The percentage that dumped imports represent of total imports from this company has also been based on the overall percentage calculated for those exporters of Chinese diaries where it was possible to compare export prices and normal values.

429. On this basis [REDACTED] diaries or 97 percent of the exports supplied by Dragon Boat were dumped at a weighted average dumping margin of 59 percent, and [REDACTED] diaries or 3 percent were not dumped.

Haier Fung Choi Printing Ltd

430. Because it was not possible to establish export prices and normal values for this company dumping margins have been established at the weighted average dumping margin calculated for those exporters of Chinese diaries where this comparison was possible. The percentage that dumped imports represent of total imports from this company has also been based on the overall percentage calculated for those exporters of Chinese diaries where it was possible to compare export prices and normal values.

431. On this basis [REDACTED] diaries or 97 percent of the exports by HFPCP were dumped at a weighted average dumping margin of 59 percent, and [REDACTED] diaries or 3 percent were not dumped.

Ningbo Guangbo Import & Export Co. Ltd

432. Because it was not possible to establish export prices and normal values for this company dumping margins have been established at the weighted average dumping margin calculated for those exporters where this comparison was possible. The percentage that dumped imports represent of total imports from this company has also been based on the overall percentage calculated for those exporters of Chinese diaries where it was possible to compare export prices and normal values.

433. On this basis [REDACTED] diaries or 97 percent of the exports by Ningbo Guangbo were dumped at a weighted average dumping margin of 59 percent, and [REDACTED] or 3 percent were not dumped.

Table 4.1: Dumping Margins for Olympia Dairy Guangzhou Ltd (CNY per Unit)

Export prices	[REDACTED] to [REDACTED]
Normal values	[REDACTED] to [REDACTED]
Dumping margins	-[REDACTED] (not dumped) to [REDACTED]
Dumping margins as % of export price	-[REDACTED] (not dumped) to [REDACTED]
Weighted average dumping margin (dumped transactions only)	53%

434. For ODG it was possible to compare an export price with a normal value for all transactions. The comparison of export prices and normal values shows that [REDACTED] diaries or 95 percent were dumped and [REDACTED] diaries or five percent were not dumped.

Table 4.2: Dumping Margins for Richgrade Ltd (CNY per Unit)

Export prices	[REDACTED] to [REDACTED]
Normal values	[REDACTED]

Dumping margins	██████ to ██████
Dumping margins as % of export price	██████ to ██████
Weighted average dumping margin (dumped transactions only)	164%

435. For those transactions where there was insufficient information to compare an export price with a normal value, it has been assumed they were dumped at the weighted average dumping margin calculated from those transactions where it was possible to make this comparison. On this basis ██████████ diaries or 100 percent of the diaries manufactured by Richgrade and exported to New Zealand were dumped.

Table 4.4: Dumping Margins for Sintex Link Ltd (CNY per Unit)

Export prices	██████
Normal values	██████
Dumping margins	██████
Dumping margins as % of export price	██████
Weighted average dumping margin (dumped transactions only)	36%

436. For Sintex it was possible to compare an export price with a normal value for all transactions. Of the ██████████ diaries exported by Sintex 100 percent were found to be dumped.

Table 4.3: Dumping Margins for Texsun Ltd (CNY per Unit)

Export prices	██████ to ██████
Normal values	██████
Dumping margins	██████ to ██████
Dumping margins as % of export price	██████ to ██████
Weighted average dumping margin (dumped transactions only)	48%

437. For those transactions where there was insufficient information to compare an export price with a normal value, it has been assumed they were dumped at the weighted average dumping margin calculated from those transactions where it was possible to make this comparison. On this basis ██████████ diaries or 100 percent of the diaries manufactured by Texsun and exported to New Zealand were dumped.

Table 4.5: Dumping Margins for WKT Co. Ltd (CNY per Unit)

Export prices	██████ to ██████
Normal values	██████ to ██████
Dumping margins	-██████ (not dumped) to ██████
Dumping margins as % of export price	-█████ (not dumped) to █████
Weighted average dumping margin (dumped transactions only)	38%

438. For those transactions where there was insufficient information to compare an export price with a normal value, it has been assumed they were dumped at the weighted average dumping margin calculated from those transactions where it was possible to make this comparison. On this basis ██████████ diaries or 95 percent of the diaries manufactured by WKT and exported to New Zealand were dumped, and ██████████ diaries or 5 percent were not dumped.

Hong Kong

439. As noted above under export price and normal value, all of the exporters selected for investigation from Customs data are now being treated as exporters of diaries of Chinese rather than of Hong Kong origin and are therefore included above under China.

Indonesia

Table 4.6: Dumping Margins for PT Pabrik Kertas Tjwi Kimia TBK (IDR per Unit)

Export prices	██████ to ██████
Normal value	██████████
Dumping margins	██████████
Dumping margins as % of export price	██████
Weighted average margin of dumping (dumped transactions only)	236%

440. For those transactions where there was insufficient information to compare an export price with a normal value, it has been assumed they were dumped at the weighted average dumping margin calculated from those transactions where it was possible to make this comparison. On this basis ██████████ diaries or 100 percent of the diaries manufactured by Pabrik Kertas and exported to New Zealand were dumped.

Korea

Table 4.7: Dumping Margins for Yangjisa Co. Ltd (KRW per Unit)

Export prices	██████ to ██████
Normal values	██████
Dumping margins	██████
Dumping margins as % of export price	███
Weighted average dumping margin (dumped transactions only)	30%

441. For those transactions where there was insufficient information to compare an export price with a normal value, it has been assumed they were dumped at the weighted average dumping margin calculated from those transactions where it was possible to make this comparison. On this basis ██████ diaries or 100 percent of the diaries manufactured by Yangjisa and exported to New Zealand were dumped.

Malaysia

Table 4.8: Dumping Margins for Chee Wah Corporation Berhad (MYR per Unit)

Export prices	██████ to ██████
Normal values	██████ to ██████
Dumping margins	-██████ (not dumped) to ██████
Dumping margins as % of export price	-███ (not dumped) to ███
Weighted average dumping margin (dumped transactions only)	12%

442. Over the POI Chee Wah exported ██████ diaries to New Zealand. The Ministry has established export prices and normal values based on verified information. The Ministry has established that 71 percent, or ██████ diaries, were dumped and the remaining 29 percent, or ██████ diaries, were not dumped.

Ginhau Psn Printing (M) Sdn Bhd

443. Because it was not possible to establish export prices and normal values for this company dumping margins have been established at the weighted average dumping margin calculated for those exporters of Malaysian diaries where this comparison was possible. The percentage that dumped imports represent of total imports from this company has also been based on the overall percentage calculated

for those exporters of Malaysian diaries where it was possible to compare export prices and normal values.

444. On this basis [REDACTED] diaries or 82 percent of the exports by Ginhou were dumped at a weighted average dumping margin of 30 percent, and [REDACTED] diaries or 18 percent were not dumped.

Table 4.9: Dumping Margins for Olympia Diary (M) Sdn Bhd (MYR per Unit)

Export prices	[REDACTED] to [REDACTED]
Normal values	[REDACTED] to [REDACTED]
Dumping margins	- [REDACTED] (not dumped) to [REDACTED]
Dumping margins as % of export price	- [REDACTED] (not dumped) to [REDACTED]
Weighted average dumping margin (dumped transactions only)	39%

445. As noted above under normal value, the Ministry has since the EFC report was issued re-considered the basis on which normal values were established for ODM and corrected some errors in the calculation of the constructed normal values. The effect of these changes has been to reduce the weighted average margin of dumping (based on dumped transactions only) from the 157 percent shown in the EFC report to the 39 percent shown in the table above.

446. For ODM it was possible to compare an export price with a normal value for all transactions. The comparison of export prices and normal values shows that [REDACTED] diaries or 75 percent were dumped and [REDACTED] diaries or 25 percent were not dumped. Because of the changes made to normal values these figures have also changed from that shown in the EFC report where it was recorded that [REDACTED] diaries or 98 percent were dumped and [REDACTED] diaries or two percent were not dumped.

Table 4.10: Dumping Margins for UPA Press Sdn Bhd (MYR per Unit)

Export prices	[REDACTED] to [REDACTED]
Normal values	[REDACTED] to [REDACTED]
Dumping margins	- [REDACTED] (not dumped) to [REDACTED]
Dumping margins as % of export price	- [REDACTED] (not dumped) to [REDACTED]
Weighted average dumping margin (dumped transactions only)	25%

447. For those transactions where there was insufficient information to compare an export price with a normal value, it has been assumed they were dumped at the

weighted average dumping margin calculated from those transactions where it was possible to make this comparison. The volume of dumped imports was calculated by applying the percentage of goods found to be dumped for those transactions where it was possible to compare export prices and normal values to the volume of diaries exported by UPA. On this basis [REDACTED] diaries or 99 percent of the diaries manufactured by UPA and exported to New Zealand were dumped and [REDACTED] or one percent were not dumped.

4.5 Volume of Dumped Imports

448. Section 11 of the Act stipulates that an investigation must be terminated when there is insufficient evidence of dumping or injury to justify proceeding. This reflects a similar requirement within the Agreement.

449. Article 5.8 of the Agreement states that the volume of dumped imports from a country shall normally be regarded as negligible if they are less than three percent of total imports, unless countries which individually account for less than three percent of imports collectively account for more than seven percent of total imports. New Zealand's practice is, where possible, to assess the volume of imports for negligibility over the POI.

450. Table 4.11 shows the Ministry's assessment of the dumped import volumes of diaries from the countries under investigation as a percentage of total imports, over the POI. Imports by Croxley as the industry are listed separately and excluded from the assessment of negligibility of total dumped imports.

Table 4.11: Dumped Import Volumes as % Total Imports

	Units	% of Total Imports
Dumped imports from China	954,278	57.7
Dumped imports from Hong Kong	0	0
Dumped imports from Indonesia	47,734	2.9
Dumped imports from Korea	37,252	2.3
Dumped imports from Malaysia	224,036	13.5
Dumped imports by Croxley	26,939	1.6
Non-dumped from countries under investigation	65,396	4.0
Other imports	299,279	18.1
Total imports	1,654,915	

451. Table 4.11 shows that dumped imports from China and Malaysia are more than three percent of total imports and are therefore not considered negligible.

452. The table also shows that there were no dumped imports from Hong Kong and there is therefore no evidence that diaries from Hong Kong were dumped. Dumped imports from Indonesia and Korea are individually less than three percent of total imports and collectively the dumped imports from these countries represent 5.2 percent of total imports, and therefore should normally be considered negligible.

453. The EFC report showed the dumped import volumes from Hong Kong, Indonesia and Korea as collectively being greater than 7 percent of total imports and therefore not negligible. As outlined variously above, subsequent to the release of the EFC report the Ministry received evidence that the exports by Plusfile and WKT that are recorded in Customs data as originating from Hong Kong are of Chinese origin and considers they should be treated as originating from China.

454. The Ministry has no evidence that suggests the volume of dumped imports from Hong Kong, Indonesia and Korea should not be treated as negligible. Interested parties were advised that because of evidence received since the release of the EFC report the Ministry considered the volume of dumped imports from these countries is now negligible and were given a short period to make submissions on this matter. No submissions were received. The Ministry therefore considers the investigation should be terminated in respect of Hong Kong, Indonesia and Korea.

4.6 Conclusions Relating to Dumping

455. Diaries of the type under investigation from China and Malaysia were dumped and have been imported in volumes that are not negligible.

456. The Ministry has no evidence that diaries of the type under investigation from Hong Kong were dumped. Diaries of the type under investigation from Indonesia and Korea were dumped but the volume of dumped imports from these countries is negligible. The Ministry consequently concludes the investigation should be terminated in respect of Hong Kong, Indonesia and Korea.

5. Material Injury

5.1 Introduction

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

458. Section 8 also sets out a number of factors and indices which the Chief Executive shall have regard to, although noting that this is without limitation as to the matters the Chief Executive may consider. These factors and indices are considered under the relevant headings below.

459. The demonstration of a causal relationship between the dumped imports and the injury, or threat thereof, must be based on an examination of all relevant evidence and any known factors other than the dumped imports, which are injuring, or threatening to injure, the domestic industry. Any injury caused or threatened by factors other than dumping must not be attributed to the dumped imports.

460. Material injury is assessed by comparing recent import and financial data with a period unaffected by dumping. Croxley stated 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, suggesting that 2005 was the latest period unaffected by dumping.

461. Croxley provided data relating to sales of 'stock' and 'special' diaries, aggregating revenue, costs, gross profit, and volume figures for its total production from part way through 2002 (due to a change in Croxley's financial system) to 31 December 2006, from which the Ministry has selected the goods like the imported diaries from China, Hong Kong, Indonesia, Korea, and Malaysia.

462. The total set of like goods constitutes [REDACTED] different SKUs under 13 'focus categories' sold in New Zealand. These have been disaggregated and recategorised for price undercutting and other injury analysis into the subcategories described in this report in section three.

463. Croxley provided, subsequent to the Ministry's first verification visit, [REDACTED] information for various customers in the form of a [REDACTED] [REDACTED] for 2002 to 2006, delimited by customer and major product category as accounted for in the profit and loss figures. The Ministry visited Croxley in Auckland again in June to verify this and other information provided.

464. Although the POI is the 12 months ended 31 January 2007, all years for reporting injury information and import details are calendar years, to accord with Croxley's financial year.

465. Information provided by Croxley and the Ministry's own research identified two other New Zealand producers, Global Timeplan NZ Limited (Global) and K Kurtovich

Products Limited (Kurtovich), each of which has provided a small amount of information but did not provide a manufacturers' questionnaire response. Kurtovich and Global have therefore been included in the New Zealand market figures for comparison with import volumes and market share analysis, but they have not been assessed with the domestic industry for other parts of the injury analysis due to a lack of information.

5.2 Cumulation

466. It has been concluded above that the volume of dumped imports from Hong Kong, Indonesia and Korea is negligible and that consequently the investigation should be terminated in respect of those countries. The investigation of whether dumped imports have caused or threaten to cause material injury to the New Zealand industry therefore now covers imports from only China and Malaysia. Both the Act and the Agreement require that a causal link is shown between the allegedly dumped goods and the material injury that is manifest or threatened.

467. 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 that:

- the dumping margin established in relation to the imports from each country is more than *de minimis*;
- import volumes are not negligible and;
- the 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.

468. The Ministry has established that the dumping margin for each exporter from China and Malaysia is not *de minimis* and that the volume of imports from these countries is not negligible. That leaves the assessment of the conditions of competition between the imports from China and Malaysia as well as how those imports compete with New Zealand manufactured diaries before cumulation can occur.

469. From the information available to the Ministry, the imported diaries originating from China and Malaysia subject to the application are 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 are similar. It is therefore reasonable to assume that the imported diaries compete both with each other and with diaries made in New Zealand, making a cumulative assessment of the effects of imported goods appropriate in the circumstances.

5.3 Import Volumes

470. 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.

471. Diaries are imported under tariff item and statistical key 4820.10.00.02J. Table 5.1 shows import volumes from 1 January 2003 to 31 December 2006 with data appearing alongside the New Zealand industry's sales and the total New Zealand market to compare dumped and non-dumped imports relative to domestic production and consumption. Because it has been concluded above that the investigation should be terminated in respect of Hong Kong, Indonesia and Korea, imports of diaries from those countries are included with "other imports".

472. Croxley estimated in its application that the other New Zealand manufacturers produce approximately [REDACTED] diaries per annum, or [REDACTED] percent of total domestic production (based on 2006 sales volume figures). Kurtovich stated its total 2006 diary sales volume was [REDACTED] units and Global gave a total of [REDACTED] in 2006 dropping to [REDACTED] in 2007.

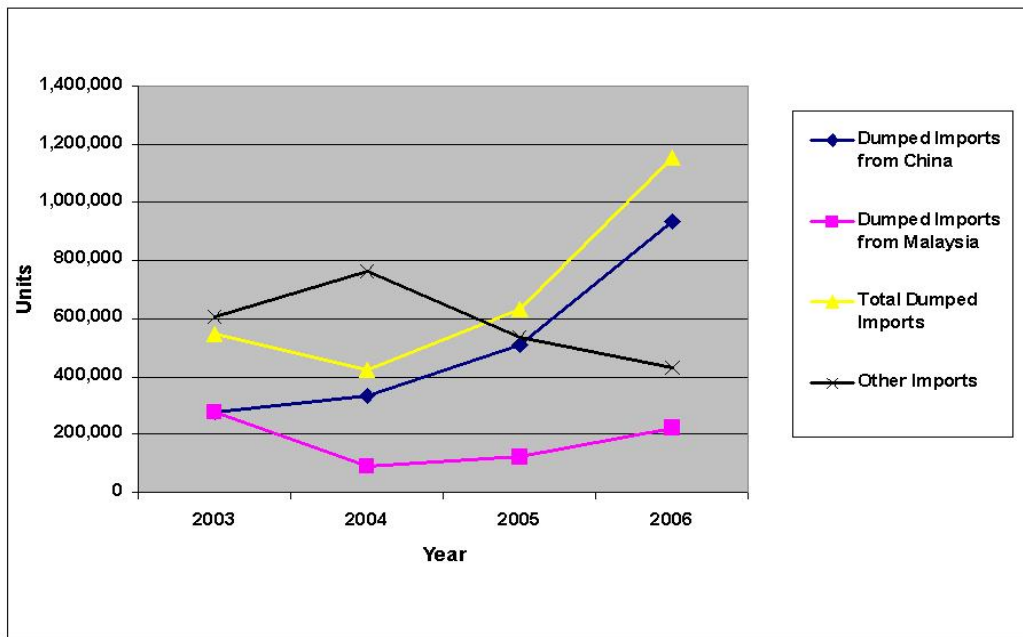
473. These quantities have been added to Croxley's sales for the calculation of total New Zealand industry sales to establish total market volumes for comparison with import volumes. The Ministry's analysis of import volumes therefore assumes, from the information provided by Croxley, that production volumes by other domestic producers as a proportion of New Zealand production have been unchanged from the 2006 numbers.

Table 5.1: Import Volumes (Units)

	2003	2004	2005	2006
Dumped Imports from China	273,719	333,046	509,795	931,809
Dumped Imports from Malaysia	273,873	89,467	121,442	224,018
Croxley's Dumped Imports	28,544	11,349	15,884	29,231
Other Imports	601,916	765,005	533,816	428,695
Total Imports	1,178,052	1,198,866	1,180,937	1,613,753
NZ Industry	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
NZ Market	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
As a Percentage of Consumption:				
Dumped Imports from China	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dumped Imports from Malaysia	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Croxley's Dumped Imports	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

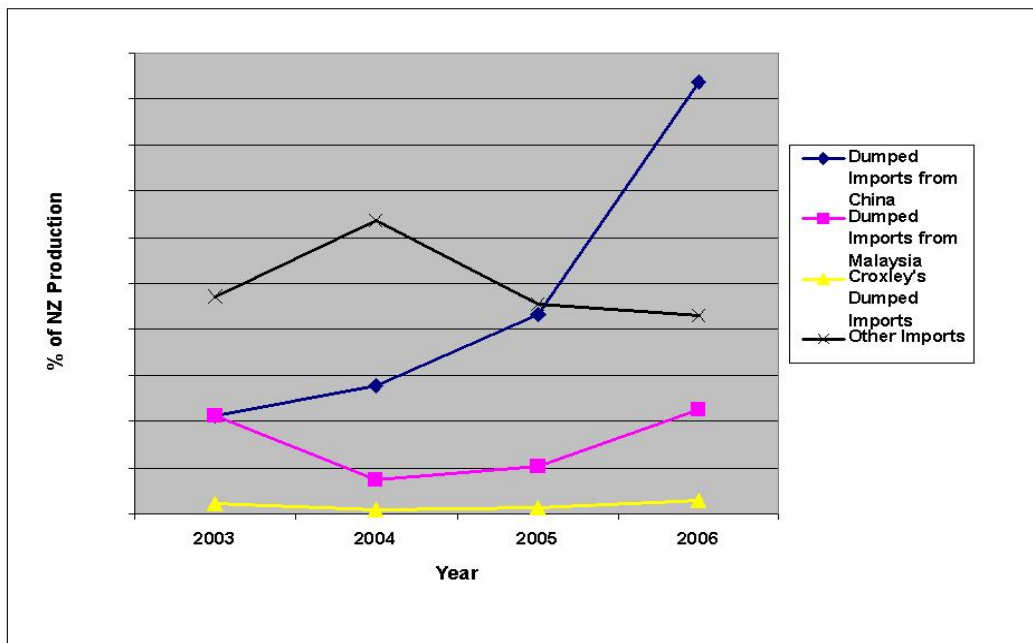
Other Imports				
NZ Industry				
As a Percentage of Production:				
Dumped Imports from China				
Dumped Imports from Malaysia				
Croxley's Dumped Imports				
Other Imports				
Change on Previous Year:				
Dumped Imports from China		59,326	176,749	422,014
Dumped Imports from Malaysia		-184,406	31,975	102,577
Croxley's Dumped Imports		-17,195	4,536	13,347
Other Imports		163,089	-231,189	-105,122
NZ Industry				
NZ Market				
% Change:				
Dumped Imports from China		21.7%	53.1%	82.8%
Dumped Imports from Malaysia		-67.3%	35.7%	84.5%
Croxley's Dumped Imports		-60.2%	40.0%	84.0%
Other Imports		27.1%	-30.2%	-19.7%
NZ Industry				
NZ Market				

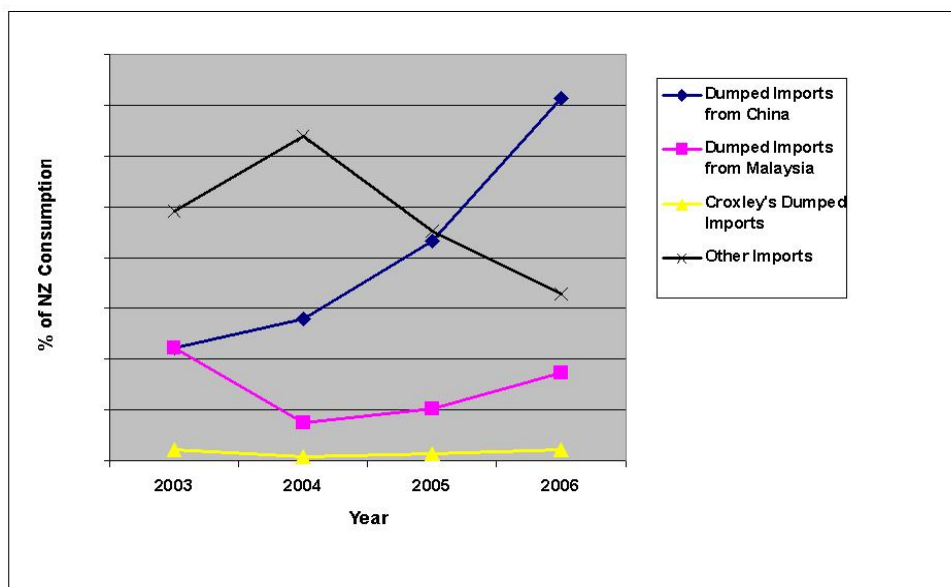
Graph 5.1 Movements in Diary Import Volumes



474. New Zealand consumption of diaries has increased six percent over the injury period, while total import volumes have increased 37 percent. Table 5.1 shows dumped imports of diaries from China increasing 224 percent and those from Malaysia decreasing 18 percent between 2003 and 2006. Non-dumped imports and imports from countries other than China and Malaysia have decreased 29 percent since 2003.

Graph 5.2 Imports as a Percentage of Production



Graph 5.3 Imports as a Percentage of Consumption

Conclusion

475. Croxley submitted that material injury occurred in 2006. Data provided shows that, between 2003 and 2006, there has been a 111 percent increase in total dumped imports of diaries from China and Malaysia.

476. Data provided shows total import volumes have increased between 2003 and 2006. Dumped imports represented █ percent of total New Zealand consumption in 2006, double the █ percent they held of the market in 2003. Chinese dumped imports have increased significantly over the period, increasing from █ percent of New Zealand consumption in 2003 to █ percent in 2006. Dumped imports from Malaysia were █ percent of New Zealand consumption in 2003, declined in 2004 and then increased in 2005 and 2006 when they represented █ percent of New Zealand consumption, which was still below the level achieved in 2003.

477. The New Zealand market has grown six percent since 2003, while the New Zealand industry's sales have contracted █ percent, most of which occurred in 2006. Dumped imports have increased by █ percentage points relative to New Zealand production and █ percentage points relative to New Zealand consumption since 2003.

478. The Ministry concludes that in aggregate, dumped imports have increased significantly in absolute terms and relative to New Zealand production and consumption.

5.4 Price Effects

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

Price Undercutting and Level of Trade

480. Price undercutting refers to the extent that the allegedly dumped diaries from China and Malaysia are sold more cheaply than the diaries made in New Zealand. Prices are compared at the point that the imported diaries first compete with diaries that are 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.

481. There were a number of different types and sizes of diaries imported into New Zealand over the POI. To make a price comparison on a per diary basis would be a large undertaking and would be extremely difficult to match like with like of all features. To assist with price comparisons the Ministry has grouped the diaries into sub-categories according to the size, page layout and whether the diary is standard or non-standard (or 'other')

482. The sizing within a sub-category refers to the dimensions of the diary. The sizes are up to an A6 (105 x 148mm), A5 (148 x 210mm) or A4 (210 x 297mm). Where the measurements of the diary did not fit within these dimensions exactly, the Ministry applied the next size up e.g. a 75 x 109mm diary has been grouped as an A6 diary or a 245 x 165mm diary has been grouped as an A4 diary.

483. The page layout within a sub-category refers to the number of days to a page or per opening which also would refer to the number of pages.

484. Classification of a diary as a 'standard' refers to a basic diary which is hard covered, case bound and may have pictures or embossed writing. It may also be an OEM diary but it has no extra features.

485. Classification of a diary as an 'other' refers to a diary with extra features. These extra features may be padding and/or superior fabric on the covers, PVC cover, wire bound, heavier grade paper, additional information sections, metal reinforcing on cover edges, or gold leaf trim. This list of extra features is not exhaustive but gives an indication of what would classify a diary as other than standard.

486. Table 5.2 lists the sub-categories of diaries on which prices have been determined for price undercutting purposes, for the diaries produced by the industry and those imported.

Table 5.2: Diary Sub-Categories to Measure the Extent of Price Undercutting

A4, standard, 2PTD	A4, other, 2PTD
A5, standard, 2PTD	A5, other, 2PTD
A6, standard, 2PTD	A6, other, 2PTD
A4, standard, DTP	A4, other, DTP
A5, standard, DTP	A5, other, DTP

A6, standard, DTP	A6, other, DTP
A4, standard, 2DTP	A4, other, 2DTP
A5, standard 2DTP	A5, other, 2DTP
A6, standard, 2DTP	A6, other, 2DTP
A4, standard, WTV	A4, other, WTV
A5, standard, WTV	A5, other, WTV
A6, standard, WTV	A6, other WTV

487. The Ministry has calculated average prices of the diaries according to their country of origin, sub-category and at the level of trade each importer represents. The prices have been calculated only for those goods that were found to be dumped. Because the Ministry has concluded that the investigation should be terminated in respect of Hong Kong, Indonesia and Korea, the price undercutting comparisons have been made only for diaries originating from China and Malaysia. To measure the extent of price undercutting the Ministry has made its comparisons using two methods:

- A comparison of the range of average prices over the POI of the sub-categories shown in Table 4.2 above for both the diaries produced by Croxley and those imported; and
- A comparison of the weighted average price over the POI of the sub-categories shown in Table 4.2 above for both the diaries produced by Croxley and those imported.

488. To establish prices for the industry, the Ministry has calculated FIS selling prices based on Croxley's average revenue, taken from its financial data over the POI. All diaries identified as like the subject goods have been grouped into the sub-categories shown above and average prices have been calculated, weighted by the volume of goods sold within each sub-category. Ranges of prices within each sub-category are also reported for comparison with dumped imports.

489. The following paragraphs discuss for each importer, the level of trade, calculation of prices and the extent of price undercutting compared to Croxley's FIS selling prices. The percentage of price undercutting shown in these tables is the amount of undercutting as a percentage of Croxley's selling price.

August Dean NZ Ltd

490. Over the POI August Dean imported [REDACTED] diaries of [REDACTED] origin. August Dean did not provide a questionnaire response and nor did its exporter. It is unknown what specific diaries have been imported by August Dean therefore the Ministry has not undertaken a price undercutting comparison of diaries imported by August Dean.

Blue Stripe Wholesale (NZ) Ltd

491. Over the POI Blue Stripe imported [REDACTED] diaries of [REDACTED] origin. Blue Stripe did not provide a questionnaire response and nor did its exporter. It is unknown what specific diaries have been imported by Blue Stripe therefore the Ministry has not undertaken a price undercutting comparison of diaries imported by Blue Stripe.

Active Media Ltd

492. Over the POI Active Media imported [REDACTED] diaries of [REDACTED] origin. Active Media did not provide a questionnaire response and nor did its exporter. It is unknown what specific diaries have been imported by Active Media therefore the Ministry has not undertaken a price undercutting comparison of diaries imported by Active Media.

Eagle Stationery NZ Limited

493. Over the POI Eagle Stationery imported [REDACTED] diaries of [REDACTED] origin. Eagle Stationery did not provide a questionnaire response and nor did its exporter. It is unknown what specific diaries have been imported by Eagle Stationery therefore the Ministry has not undertaken a price undercutting comparison of diaries imported by Eagle Stationery.

Hillcrest Promotions Ltd

494. Hillcrest imported [REDACTED] diaries of [REDACTED] origin. Hillcrest advised that [REDACTED] their diaries from [REDACTED] provided details of its imports over the POI and a brochure of the products it sells on the domestic market in New Zealand.

495. Hillcrest purchases diaries on an FOB basis. Hillcrest provided copies of a pro-forma invoice, invoices from its supplier as well as from its New Zealand customs broker. Hillcrest also supplied details regarding its cost build up to selling price in New Zealand.

496. It appears from the brochure, and the diaries that were imported over the POI, that the purchases were primarily a stock product. The Ministry notes that the volume of imports over the POI included a refill desk planner of 375 x 534mm size. The Ministry has excluded this planner as it is not subject to this investigation.

497. Hillcrest has not submitted what it considers to be the first point of competition with the New Zealand industry. The Ministry considers the relevant level of trade at which any price undercutting is established, is the level at which Hillcrest makes its choice to purchase either overseas or from the industry. The costs taken into consideration on overseas purchases would appear to be the purchase price, discount level, exchange rate and the costs from FOB to an into-store cost. The Ministry considers that if Hillcrest chose to purchase from the industry the cost considerations would be the into-store purchase price. The level of trade, therefore, is Hillcrest's into-store price and the industry's into-store or FIS price less discounts/rebates.

498. To establish an into-store price the Ministry has used information provided by Hillcrest and Customs. The Ministry has used the invoiced values as its base price per unit. The base price has been reduced by the percentage discount that applied specifically to those items that were discounted and the net value has been converted to NZD using the exchange rate that Customs applied as at the date of each import into New Zealand. To these values the Ministry has added the cost of overseas freight, insurance, port clearance fees and other costs associated with the clearance of the diaries at the port in New Zealand and cartage to store.

499. For one consignment, Hillcrest did not provide details of its port clearance fees. The Ministry has calculated the total cost of port clearance fees over the POI of its other consignments as a percentage of the VFD and applied this to the consignment for which no port clearance fees had been provided. Hillcrest only provided information on the cost of cartage to store for one type of diary which the Ministry has applied to imports of all other types of diaries. The base price less discount plus overseas freight, insurance, port clearances fees and cartage to store have established an into-store price per unit for all diaries imported by Hillcrest over the POI.

500. Based on the description of the goods provided on the invoices the Ministry has allocated each diary into a sub-category. In instances where there was a gap in the information the Ministry has considered the country of origin, and/or the size of the diary and/or the price per unit to determine what sub-category it fits within. Most of the diaries imported by Hillcrest are in-between sizes therefore the Ministry has classified a diary to the nearest larger size e.g. a diary that is 137 x 202mm has been classified as an A5.

501. The following tables illustrate the extent of price undercutting.

Table 5.3: Hillcrest Price Undercutting Range

Category	Hillcrest's Prices		Croxley's Prices		P/U Lowest	P/U Highest	P/U Lowest as %	P/U Highest as %
	Lowest	Highest	Lowest	Highest				
A4, Other, DTP								
A5, Other, DTP								
A4, Other, WTV								
A5, Other, WTV								
A6, Other, WTV								

502. Table 5.3 shows price undercutting of all listed sub-categories of diaries produced by Croxley. Lowest prices are undercut by between [REDACTED] and [REDACTED] percent, while highest prices are undercut by between [REDACTED] and [REDACTED] percent.

Table 5.4: Hillcrest Weighted Average Price Undercutting

Category	Hillcrest Weighted Average Prices	Croxley's Weighted Average Prices	P/U	P/U as %
[REDACTED]				
A4, Other, DTP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A5, Other, DTP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A4, Other, WTV	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A5, Other, WTV	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A6, Other, WTV	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

503. The weighted average prices of Croxley's like goods have been undercut by Hillcrest's weighted average prices by between [REDACTED] and [REDACTED] percent.

Incentives 2 Ltd

504. Incentives 2 Ltd imported [REDACTED] diaries of [REDACTED] origin.

505. In response to the EFC report Incentives 2 provided invoices regarding its imports of diaries over the POI as it considered that its purchases are on sold at a fair market value. Together with an invoice provided by its exporter, [REDACTED] the Ministry has been able to reconcile the invoices against the [REDACTED] import entries. Incentives 2 states its diaries are for the corporate market and are indented according to its clients orders.

506. The invoices show that the diaries are supplied on a C&F basis therefore the unit costs include overseas freight. Of the [REDACTED] import entries recorded by Customs, and in reconciliation with the invoices, it appears that the invoices for [REDACTED] are on an FOB basis as the collective value of the invoices reconciles with the customs [REDACTED]. Incentives 2 did not provide any further costing information.

507. Incentives 2 did not state at which price point it considers its imports compete with diaries produced by New Zealand producers. The Ministry considers the relevant level of trade at which any price undercutting is established, is the level at which Incentives 2 makes its choice to purchase either overseas or from the industry. The costs taken into consideration on overseas purchases would appear to be the purchase price, exchange rate and the costs from FOB to an into-store price. The Ministry considers that if Incentives 2 chose to purchase from the industry the cost consideration would be the into-store purchase price. The level of trade, therefore, is Incentives 2's into-store price and the industry into-store or FIS price.

508. To establish an into-store price per unit the Ministry has used information provided by Incentives 2, Customs and [REDACTED]

509. As a base price the Ministry has used the invoiced unit values in USD, which have been converted to NZD by applying the exchange rate used by Customs on the date of import. Costs of freight, where applicable, overseas insurance, port clearance fees, cartage to store and devanning fees have been added to the base price to establish an into-store cost per unit. The Ministry used Customs data on the cost of overseas freight and insurance. These costs are on a per shipment basis and were apportioned according to the value of each type of diary. The Ministry used data on port clearance fees, cartage to store and devanning fees provided by [REDACTED].

510. The invoices supplied by Incentives 2 show the type of diaries imported into New Zealand which has enabled the Ministry to classify them into an appropriate sub-category. In instances where it read that the diary was case bound the Ministry has classified it as a standard diary.

511. The following tables illustrate the extent of price undercutting.

Table 5.5: Incentives 2 Undercutting Range

Category	Incentives 2		Croxley		P/U Lowest	P/U Highest	P/U Lowest as %	P/U Highest as %
	Lowest	Highest	Lowest	Highest				
[REDACTED]								
A5, Standard, DTP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A5, Other, DTP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A6, Standard, DTP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A5, Standard, WTV	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

512. Table 5.5 shows price undercutting of either the lowest or highest price or both, of two of the listed sub-categories of diaries produced by Croxley. Lowest prices are undercut by between - [REDACTED] (not undercutting) and [REDACTED] percent, while highest prices are undercut by between - [REDACTED] (not undercutting) and [REDACTED] percent.

Table 5.6: Incentives 2 Weighted Average Price Undercutting

Category	Incentives 2	Croxley's Weighted Average Prices	P/U	P/U as %
[REDACTED]				

A5, Standard, DTP	██████████	██████████	██████████	██████████
A5, Other, DTP	██████████	██████████	██████████	██████████
A6, Standard, DTP	██████████	██████████	██████████	██████████
A5, Standard, WTV	██████████	██████████	██████████	██████████

513. The weighted average prices of Croxley like goods are being undercut in one of the sub-categories listed above by ██████ percent. There is no price undercutting in the other three sub-categories.

MTP Wholesale Imports Ltd

514. MTP imported ██████████ diaries of ██████████ origin. MTP did not provide a questionnaire response and nor did its exporter. It is unknown what specific diaries have been imported by MTP therefore the Ministry has not undertaken a price undercutting comparison of diaries imported by MTP.

NGT (New Zealand) Pty Ltd

515. NGT imported diaries of ██████████ origin. NGT provided a comprehensive response to the importers questionnaire.

516. NGT advised that all overseas purchases are made on an ██████ basis and the transactions are at arm's length. NGT's practice is to request quotes on the diaries that it requires for the season before making its selection on the most appropriate supplier. When NGT places its order in ██████, it is required, in some instances, to pay a deposit of ██████ percent, with the ██████ percent required to be paid ██████████ or ██████████. NGT stated that it does not keep any stock on hand therefore it would appear that transportation of the diaries is arranged from the overseas manufacturer direct to NGT's customer's warehouses.

517. NGT provided copies of all invoices that relate to its imports from the countries under investigation together with copies of forward exchange contracts and a breakdown of costs on two types of diaries from the purchase price to invoiced price to customer. The Ministry has reconciled the invoices with the information provided by Customs and notes that five import entries differ. The differences relate to the quantity of diaries, country of origin and an entry that has been classified against another tariff item and statistical key which is discussed in the following paragraphs.

518. Customs data shows NGT imported a total of ██████████ diaries made up of ██████████ origin. NGT stated that they imported a total of ██████████ diaries made up of ██████████ origin.

519. The Ministry considers that NGT would be the best party on which the country of origin of goods is known therefore it has applied the country of origin as provided by NGT with the exceptions noted in paragraph 520 below. For those diaries

identified as being of [REDACTED] origin the Ministry reverted to information provided by Customs as NGT did not provide evidence as to the exact country of origin of those particular diaries.

520. NGT advised that the diaries supplied by [REDACTED] were of [REDACTED] origin. The Ministry considers the balance of the evidence indicates that diaries supplied by [REDACTED] are of [REDACTED] origin and therefore for price undercutting has treated these diaries as [REDACTED] origin. In relation to the diaries that had been classified against another tariff item and statistical key i.e. [REDACTED] origin, the Ministry has included this volume in its price undercutting analysis.

521. NGT has not submitted what it considers is the first price point of competition with the industry. The Ministry considers the relevant level of trade at which any price undercutting is established, is the level at which NGT makes its choice to purchase either overseas or from the industry. The costs taken into consideration on overseas purchases would appear to be the purchase price, exchange rate and the costs from FOB to an into-store price. The Ministry considers that if NGT chose to purchase from the industry the cost considerations would be the into-store purchase price. The level of trade, therefore, is NGT's into-store price and the industry's into-store or FIS price.

522. To establish an into-store price per unit the Ministry has used information provided by NGT and Customs. The Ministry has used the invoiced prices (FOB) converted to NZD using the exchange rate used by Customs at the date of import. The Ministry has added to the NZD cost per unit the charges relating to overseas insurance and freight, port clearance fees, cartage to store and devanning.

523. The Ministry has used Customs information to establish a cost per unit for insurance and freight. The port clearance fees are based on information provided by [REDACTED] as the data provided on the import of two diaries by NGT was at such variance with each other that it was not considered reliable. The Ministry has, however, used the cartage to store and devanning fees supplied by NGT as they appear to be a reasonable cost per unit based on other information provided by parties.

524. NGT provided a cost breakdown for two imported diaries but the Ministry was unable to identify from the data one of the diaries while for the other diary, the Ministry has established a higher into store cost per unit than that provided by NGT of approximately [REDACTED] percent. This increase is attributed to the Ministry using actual costs of overseas freight and insurance rather than an average or standard cost.

525. Based on the description of the goods provided on the invoices the Ministry has allocated each diary into a sub-category. In instances where there was a gap in the information the Ministry has considered the country of origin, and/or the size of the diary and/or the price per unit to determine what sub-category it fits within. For NGT the main gap in information was the page layout. In the absence of this information the Ministry has reverted to a WTV for A6 diaries and a DTP for A5 and A4 sizes.

526. The following tables illustrate the extent of price undercutting.

Table 5.7: NGT's Price Undercutting Range

Category	NGT		Croxley		P/U Lowest	P/U Highest	P/U Lowest as %	P/U Highest as %
	Lowest	Highest	Lowest	Highest				
A4, Standard, DTP								
A4, Other, DTP								
A5, Other, DTP								
A4, Other, WTV								
A6, Other, WTV								
A4, Standard, DTP								
A4, Other, DTP								
A5, Standard, DTP								
A5, Other, DTP								
A5, Standard, WTV								
A6, Other, WTV								

527. Table 5.7 shows price undercutting of either the lowest or highest price or both, of all listed sub-categories of diaries produced by Croxley. Lowest prices are undercut by between - (not undercutting) and percent, while highest prices are undercut by between - (not undercutting) and percent.

Table 5.8: NGT's Weighted Average Price Undercutting

Category	NGT's Weighted Average Prices	Croxley's Weighted Average Prices	P/U	P/U as %
A4, Standard, DTP				
A4, Other, DTP				
A5, Other, DTP				
A4, Other, WTV				

A6, Other, WTV	██████	██████	██████	██████
██████				
A4, Standard, DTP	██████	██████	██████	██████
A4, Other, DTP	██████	██████	██████	██████
A5, Standard, DTP	██████	██████	██████	██████
A5, Other, DTP	██████	██████	██████	██████
A5, Standard, WTV	██████	██████	██████	██████
A6, Other, WTV	██████	██████	██████	██████

528. The weighted average prices of Croxley's like goods have been undercut by NGT's weighted average prices by between -██████ (not undercutting) and ██████ percent, with only two sub-categories showing no price undercutting.

RD1 Ltd

529. RD1 imported ██████ diaries of ██████ origin. RD1 advised that its imports of diaries are ██████. The imported diaries are made specifically for RD1's customers. RD1 does not directly import diaries or have a direct relationship with the overseas manufacturer.

530. RD1 provided copies of invoices, ██████, bill of lading, quarantine declarations and packing lists. RD1 purchase in USD and it would appear that this is the final price i.e. RD1 does not pay for overseas freight, insurance and port clearance fees as these are inclusive of the purchase price and borne by ██████.

531. The Ministry considers the relevant level of trade at which any price undercutting is established, is the level at which RD1 makes its choice to purchase either overseas or from the industry. The costs taken into consideration on overseas purchases would appear to be the purchase price from ██████. The Ministry considers that if RD1 chose to purchase from the industry the cost considerations would be the into-store purchase price. The level of trade, therefore, is ██████ selling price and the industry's into-store or FIS price.

532. The Ministry visited RD1's supplier ██████ and sighted the diaries exported to New Zealand. On this basis the Ministry has been able to classify the diaries into a sub-category. The following tables illustrate the extent of price undercutting.

Table 5.9: RD1's Price Undercutting Range

Category	RD1		Croxley		P/U Lowest	P/U Highest	P/U Lowest as %	P/U Highest as %
	Lowest	Highest	Lowest	Highest				

A5, Standard, DTP								

533. Table 5.9 shows price undercutting of the sub-category listed above. Lowest price was undercut by - percent (not undercutting) and the highest price was undercut by percent.

Table 5.10: RD1's Weighted Average Price Undercutting

Category	RD1's Prices	Croxley's Prices	P/U	P/U as %
A5, Standard, DTP				

534. The weighted average price of Croxley's like goods have been undercut by RD1's weighted average price by percent.

Signature Promotions Ltd

535. Signature imported diaries of origin. Signature Promotions did not provide a questionnaire response and nor did its exporter. It is unknown what specific diaries have been imported by Signature Promotions therefore the Ministry has not undertaken a price undercutting comparison of diaries imported by Signature Promotions.

Sims Distributing Company

536. Sims imported diaries of origin. Sims advised that it only deals with and it does not have a direct relationship with the overseas manufacturer. All purchases are made on an FOB basis in USD.

537. Sims advised that its overseas orders are transported from the overseas manufacturer to its distribution centre where the goods are unpacked, stocked and collated. Sims stock is primarily purchased to cover forward orders. When customers' orders are received Sims picks, packs and labels the diaries and an invoice is issued when the diaries are transported to Sims customers' warehouses or distribution centres. Sims advised it mainly sells to wholesalers who on-sell to retailers or other sellers.

538. Sims advised that the first point of competition between its sales of imported diaries and that produced by the industry is "...to be in the sales process, especially at large retail head office level." The Ministry interprets this to mean the price offered to retailers.

539. The Ministry considers the relevant level of trade at which any price undercutting is established, is the level at which Sims makes its choice to purchase either overseas or from the industry. The costs taken into consideration on overseas purchases would appear to be the purchase price, exchange rate and the costs from

FOB to an ex-store price. The Ministry considers that if Sims chose to purchase from the industry the cost considerations would be the into-store purchase price. The level of trade, therefore, is Sims' ex-store price and the industry's into-store or FIS price.

540. Sims provided copies of purchase orders and invoices together with costing information of the purchase price in USD converted to NZD using the exchange rate used by Customs. No other costing information was provided.

541. To establish an ex-store price the Ministry has used information provided by Sims, Customs and [REDACTED]. The Ministry has used as its base price the FOB price in USD or [REDACTED] converted to NZD using the exchange rate used by Customs as at the date the diaries were imported into New Zealand. To these figures the Ministry has added the cost per unit of overseas insurance and freight. The overseas insurance and freight figures declared to Customs are on a per shipment basis therefore the Ministry has apportioned the costs according to the value of each type of diary in that particular shipment to establish a cost per unit. The Ministry has then added the proportion of costs associated with port clearance fees, cartage to store, devanning fees, selling and administration and net profit as provided by [REDACTED], to establish an ex-store price per unit.

542. In reconciling the information provided by Sims with that of Customs the Ministry notes that the import of a very small volume ([REDACTED] units) of organiser management refills (product code [REDACTED]) was classified under tariff item and statistical key 4820.10.00 29L and not that of diaries. The Ministry considers that an organiser management refill is a diary with no cover and therefore should be included in its analysis on price undercutting.

543. Based on the description of the goods provided on the invoices the Ministry has allocated each diary into a sub-category. In instances where there was a gap in the information the Ministry has considered the country of origin, and/or the size of the diary and/or the price per unit to determine what sub-category it fits within. For Sims the main gap in information was the size of the diary and page layout.

544. The following tables illustrate the extent of price undercutting.

Table 5.11: Sims Price Undercutting Range

Category	Sims Prices		Croxley's Prices		P/U Lowest	P/U Highest	P/U Lowest as %	P/U Highest as %
	Lowest	Highest	Lowest	Highest				
[REDACTED]								
A4, Standard, DTP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A4, Other, DTP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

A5, Standard, DTP								
A5, Other, DTP								
A4, Standard, WTV								
A4, Other, WTV								
A5, Standard, WTV								
A5, Other, WTV								
A6, Other, WTV								

545. Table 5.11 shows price undercutting of either the lowest or highest price, or both of all listed sub-categories of diaries produced by Croxley. Lowest prices are undercut by between - (not undercutting) and percent, while highest prices are undercut by between and percent.

Table 5.12: Sims Weighted Average Price Undercutting

Category	Sim's Prices	Croxley's Prices	P/U	P/U as %
A4, Standard, DTP				
A4, Other, DTP				
A5, Standard, DTP				
A5, Other, DTP				
A4, Standard, WTV				
A4, Other, WTV				
A5, Standard, WTV				
A5, Other, WTV				
A6, Other, WTV				

546. The weighted average prices of Croxley's like goods have been undercut by Sim's weighted average prices by between - (not undercutting) and percent, with four sub-categories showing no price undercutting.

Tasman Industries Ltd

547. Tasman imported diaries of origin from and diaries of origin from

[REDACTED]. Tasman advised that its imported diaries are all ordered from one company i.e. [REDACTED].

548. Tasman does not have an interest in its overseas supplier and its relationship is a normal business relationship. Its purchases are made at arm's length and no other consideration is given other than the purchase price of the diaries. All purchases are made on an FOB basis in USD.

549. Tasman's major domestic customers are [REDACTED] occupying [REDACTED] percent of its sales. Tasman advised that the diaries are ordered from [REDACTED] who arrange for the diaries to be [REDACTED]. The invoices are issued to Tasman by [REDACTED].

550. Tasman provided copies of its finalised order forms together with invoices relating to the specific shipments to New Zealand over the POI. In addition Tasman provided a list of its 2007 [REDACTED] diary prices that shows the purchase price, purchase price converted to NZD, landed cost and selling price to a customer on a per unit basis.

551. Tasman advised that even though pricing is a predominant factor as to whether its customers choose to purchase from Tasman or purchase from the industry, other factors such as the features of a diary are taken into consideration. Tasman considers that the level of trade at which a comparison should be made is at the retail price of both the industry's diaries as well as its own imported diaries.

552. The Ministry considers the relevant level of trade at which any price undercutting is established, is the level at which Tasman makes its choice to purchase either overseas or from the industry. The costs taken into consideration on overseas purchases would appear to be the purchase price, exchange rate and the costs from FOB to an into-store price. The Ministry considers that if Tasman chose to purchase from the industry the cost considerations would be the into-store purchase price. The level of trade, therefore, is Tasman's into-store price and the industry's into-store or FIS price.

553. Tasman provided copies of purchase orders, invoices, costing information from the purchase price in USD to selling price to its New Zealand customers.

554. In the first instance the Ministry calculated an ex-wharf cost per unit based on invoiced values and overseas insurance and freight provided by Customs. The Ministry found that the ex-wharf cost per unit was higher in most instances than the landed cost per unit submitted by Tasman therefore it appears that Tasman may not have taken into consideration overseas insurance and freight costs in the calculations supplied to the Ministry.

555. To establish an into-store cost per diary the Ministry has therefore used information provided by Tasman, Customs and [REDACTED]. The costing information provided by Tasman was limited in that it did not provide a breakdown of the cost build up to selling price therefore the Ministry calculated an ex-wharf price based on invoiced values together with the costs of overseas

insurance and freight provided by Customs. The Ministry then added the cost of port clearance fees, cartage to store and devanning fees provided by [REDACTED] which has established an into-store price per unit.

556. Based on the description of the goods provided on the invoices the Ministry has allocated each diary into a sub-category. In instances where there was a gap in the information the Ministry has considered the country of origin, and/or the size of the diary and/or the price per unit to determine what sub-category it fits within. For Tasman the main gap in information was the size of the diaries especially on slimline diaries. The Ministry has applied A4 to Portfolio or Portfolio Executive diaries, A4 or A5 to slimline diaries and A6 to pocket size diaries.

557. The following tables illustrate the extent of price undercutting.

Table 5.13: Tasman’s Price Undercutting Range

Category	Tasman’s Prices		Croxley’s Prices		P/U Lowest	P/U Highest	P/U Lowest as %	P/U Highest as %
	Lowest	Highest	Lowest	Highest				
[REDACTED]								
A5, Standard, DTP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A5, Other, DTP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A5, Standard, 2DTP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A4, Standard, WTV	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A4, Other, WTV	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A5, Standard, WTV	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A5, Other, WTV	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A6, Other, WTV	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]								
A4, Other, DTP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A5, Other, DTP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A4, Other, WTV	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A5, Other, WTV	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

A6, Other, WTV								
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558. Table 5.13 shows price undercutting of all listed sub-categories of diaries produced by Croxley. Lowest prices are undercut by between - (not undercutting) and percent, while highest prices are undercut by between and percent.

Table 5.14: Tasman's Weighted Average Price Undercutting

	Tasman's Weighted Average Prices	Croxley's Weighted Average Prices	P/U	P/U as %
A5, Standard, DTP				
A5, Other, DTP				
A5, Standard, 2DTP				
A4, Standard, WTV				
A4, Other, WTV				
A5, Standard, WTV				
A5, Other, WTV				
A6, Other, WTV				
A4, Other, DTP				
A5, Other, DTP				
A4, Other, WTV				
A5, Other, WTV				
A6, Other, WTV				

559. The weighted average prices of Croxley's like goods have been undercut by Tasman's weighted average prices by between and percent.

The Warehouse Ltd

560. Over the POI The Warehouse imported diaries of origin and diaries of origin. The Warehouse did not provide a questionnaire response and nor did its suppliers. It is unknown what specific diaries have been imported by The Warehouse therefore the Ministry has not undertaken a price undercutting comparison of diaries imported by The Warehouse.

Price Depression

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

562. The Ministry has compared Croxley's average per unit prices since 2003 for all like goods. The average prices have been adjusted by the verified schedule of [REDACTED] and export sales, so calculations differ from those presented in the Ministry's Initiation Report. [REDACTED] over the period following [REDACTED] and the level of actual (net) price depression during the period was previously understated.

563. Table 5.15 compares Croxley's average sales revenue for all of the domestically produced diaries identified by the Ministry as like goods, grouped into the standard and 'other' categories described in paragraphs 484 and 485. Total figures for all diary SKUs that constitute like goods are also reported.

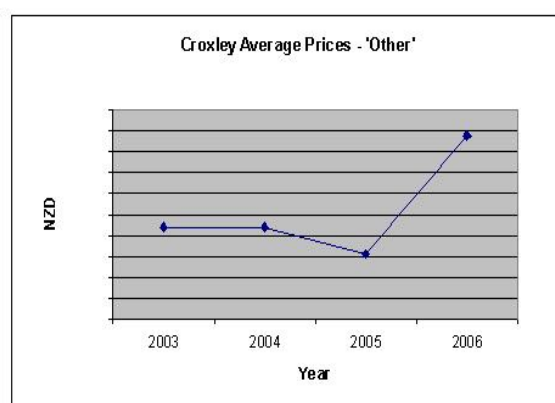
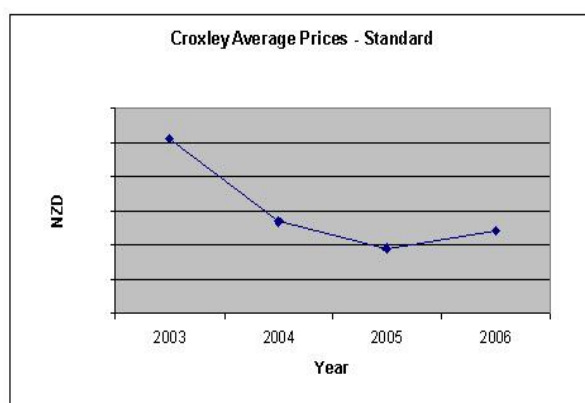
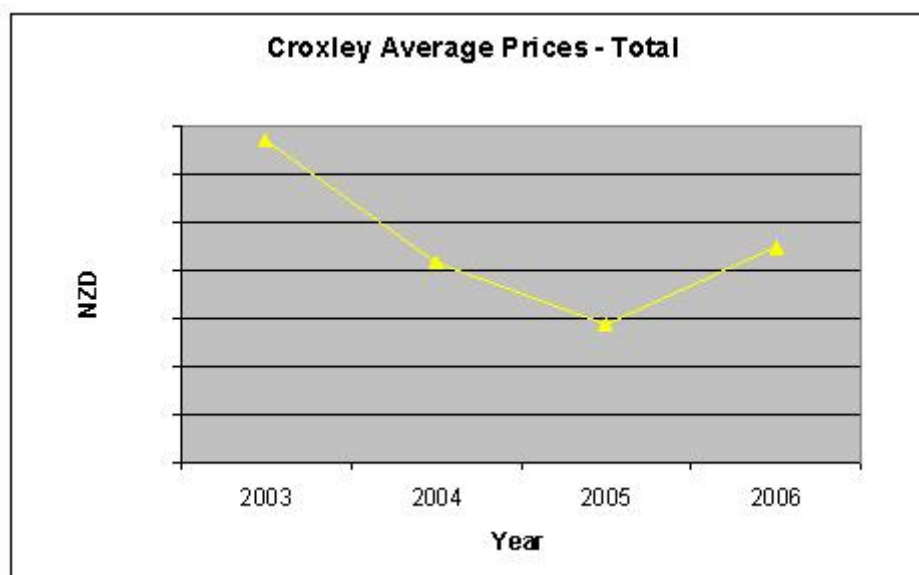
Table 5.15: Price Depression (NZD)

Category		2003	2004	2005	2006
Standard	Average Price	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Change		[REDACTED]	[REDACTED]	[REDACTED]
	% Change		[REDACTED]	[REDACTED]	[REDACTED]
Other	Average Price	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Change		[REDACTED]	[REDACTED]	[REDACTED]
	% Change		[REDACTED]	[REDACTED]	[REDACTED]
Total Diaries	Average Price	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Change		[REDACTED]	[REDACTED]	[REDACTED]
	% Change		[REDACTED]	[REDACTED]	[REDACTED]

564. Table 5.15 shows that prices for standard diaries have been depressed since 2003, with price depression of [REDACTED] percent for standard diaries and [REDACTED] percent (not depressed) for others. The average unit price of Croxley's total range of like goods has decreased [REDACTED] percent since 2003.

565. Price movements for each category are shown graphically below. It should be noted that standard diaries constitute [REDACTED] percent of the total volume of diaries sold.

Graphs 5.4, 5.5, 5.6: Movement in Croxley's Average Prices



Price Suppression

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

567. The Ministry generally bases its assessment of price suppression on positive evidence, in particular the extent to which cost increases have not been recovered in prices. Cost increases not recovered in prices will be reflected in increased cost of production expressed as a percentage of sales revenue. While the inability to recover cost increases in prices is the main indicator of price suppression, the Ministry will consider any other factors raised as positive evidence of price suppression.

568. Croxley said that after two years without a price rise, it increased prices by █ percent in 2006 but a █ the increase. Croxley said that it lost some of the business as a result but said that it was not worth reducing the price again as it was not profitable.

569. Based on its financial data, the Ministry has calculated the percentage that the cost of production represents of the sales revenue, having adjusted for the

extended to customers discussed at paragraph 463. Table 5.16 illustrates those findings.

Table 5.16: Cost of Production as a % of Revenue (NZD)

Category		2003	2004	2005	2006
Standard	Revenue				
	Cost of Production				
	Cost of Production as % of Revenue				
Other	Revenue				
	Cost of Production				
	Cost of Production as % of Revenue				
Total Diaries	Revenue				
	Cost of Production				
	Cost of Production as % of Revenue				

570. Table 5.16 shows that Croxley's overall cost of production as percentage of sales revenue has remained nearly constant since 2003, increasing only percent. This trend has been driven by increases in the relative costs of standard diary production, which have risen percentage points. Costs to produce other diaries have fallen faster than revenue, showing no evidence of price suppression in that category.

Conclusion

571. The data provided shows evidence of significant price undercutting, with undercutting relating to weighted average prices ranging from percent to percent and occurring in most of the sub-categories examined. Evidence has also been shown of price depression of percent, and slight price suppression of percent.

572. The evidence indicates that Croxley has reduced its prices in order to compete with the dumped goods which are significantly undercutting its average prices. While Croxley has reduced its prices at the same time it has reduced its cost of production, resulting in only a slight increase in the cost of production relative to revenue. The Ministry concludes the reduction in prices is due to the substantial undercutting by dumped imports, although pricing pressure may have also occurred from non-dumped imports over the same period.

5.5 Other Material Injury Indicators

573. Section 8 of the Act requires that the economic impact of the dumped goods on the New Zealand industry be assessed and any other relevant indicators be taken

into account when considering material injury. These indicators are considered below.

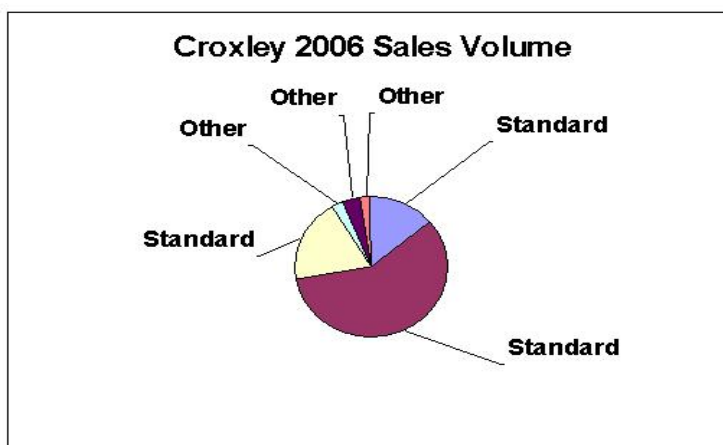
Output and Sales

574. 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.

Sales Volume

575. Croxley’s sales volume is dominated by the lower value standard diaries (averaging 65 percent of the total volume of like goods), which are all hardcover case-bound books with few additional features. The 2006 product mix across the categories defined by the Ministry is shown graphically below.

Graph 5.7 Croxley 2006 Product Share



576. Croxley has stated that production closely matches sales and that it has maintained output to some degree but prices have been depressed in order to achieve this. It has submitted information showing NZD 10.5 million of lost corporate diary contracts over the last two years, consisting largely of standard Collins-type A4 and A5 hardcover books with the customer’s details printed or embossed on the cover. Croxley further said that the market for designer diaries has increased over the last few years and the corporate diary market is strong at present.

577. Croxley provided sales figures for all of the diary SKUs identified as like goods since 2003, shown in Table 5.17 in categories.

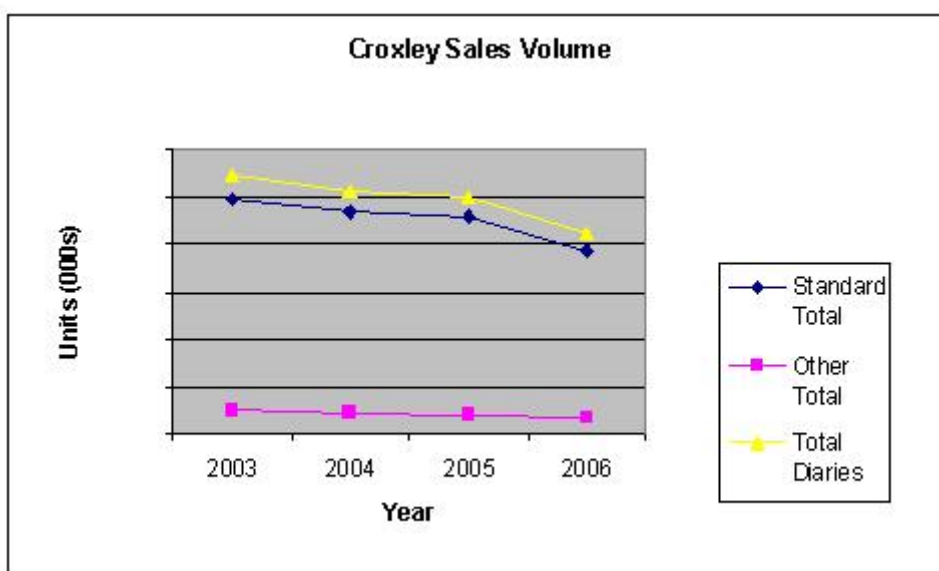
Table 5.17: Sales Volume per Category (units)

Category		2003	2004	2005	2006
Standard	Sales Volume	10,500,000	10,500,000	10,500,000	10,500,000
	Change		10,500,000	10,500,000	10,500,000
	% Change		100%	100%	100%

Other	Sales Volume	██████████	██████████	██████████	██████████
	Change		██████████	██████████	██████████
	% Change		██████████	██████████	██████████
Total Diaries	Sales Volume	██████████	██████████	██████████	██████████
	Change		██████████	██████████	██████████
	% Change		██████████	██████████	██████████

578. Table 5.17 shows a ██████ percent decrease in Croxley’s diary sales over the injury period. Standard diaries, which constitute an average of ██████ percent of the total, decreased ██████ percent, while others decreased ██████ percent. These results vary from those displayed in the Acceptance and Initiation Reports due to the removal of the incomplete 2002 data and export sales from the analysis.

Graph 5.8: Croxley’s Diary Sales (units)

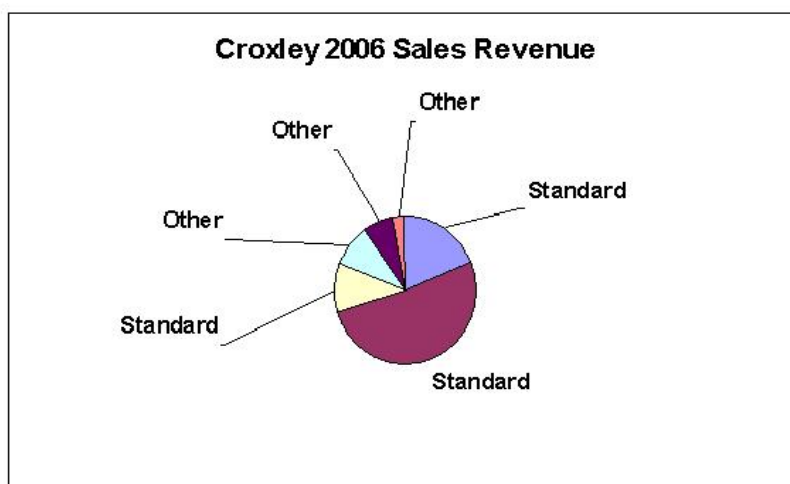


Sales Revenue

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

580. Standard diaries are the major source of revenue for Croxley’s diary business, constituting an average of ██████ percent of total revenue over the injury period. The smaller contribution to overall revenue compared with sales volume reflects the higher specifications and value associated with other diaries. The revenue sources for 2006 are displayed graphically below.

Graph 5.9 Croxley Diary Revenue Share

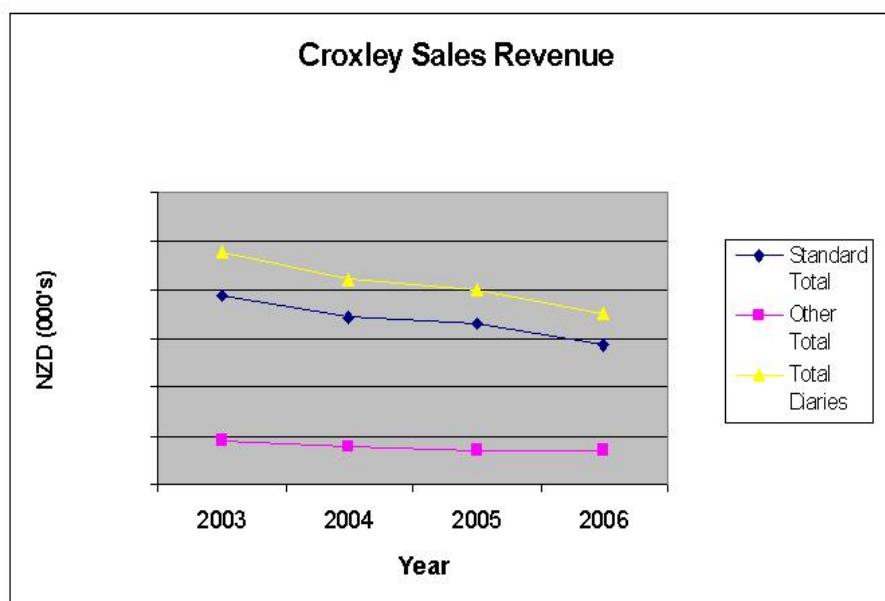


581. The information regarding Croxley's sales revenue from 2003 is shown in Table 5.18.

Table 5.18: Sales Revenue per Diary Category (NZD)

Category		2003	2004	2005	2006
Standard	Revenue	██████████	██████████	██████████	██████████
	Change		██████████	██████████	██████████
	% Change		██████████	██████████	██████████
Other	Revenue	██████████	██████████	██████████	██████████
	Change		██████████	██████████	██████████
	% Change		██████████	██████████	██████████
Total Diaries	Revenue	██████████	██████████	██████████	██████████
	Change		██████████	██████████	██████████
	% Change		██████████	██████████	██████████

582. Table 5.18 shows a total decrease in sales revenue of ██████ percent from 2003 to 2006, consistent with the reduced volume of sales shown in Table 5.17 above. Standard diaries have decreased ██████ percent and others have decreased ██████ percent.

Graph 5.10 Croxley Sales Revenue (NZD)

583. The analysis of Croxley's volume and revenue associated with its domestically manufactured diary business shows that a loss of sales has coincided with a depression of average selling prices. It is therefore reasonable to conclude that the reduction in volume may have been partially mitigated by Croxley reducing its prices offered to customers in the face of competitive pressure.

Market Share

584. The analysis of market share must take account of changes in the size of the total market. A decline in the share of the market held by the domestic industry in a situation where the market as a whole is growing will not necessarily indicate that injury is being caused to the domestic industry, particularly if the domestic industry's sales are also growing. There is no "entitlement" of the New Zealand industry to a particular market share.

585. Sims submitted that it perceives that the market is made up of three main customer groups' i.e. business/commercial customers, domestic/individual customers and students.

586. Tasman submitted that the diary market in New Zealand is made up of two segments i.e. Standard Diaries, and Portfolio and Fashion Diaries. The standard diary market is made up of diaries with standard covers and content. The portfolio market is made up of branded diaries that include items such as Debden dayplanner and Acco's daytimer. The fashion diaries are generally unbranded but have fashionable features such as the use of fabrics, designs or colours.

587. Tasman submitted that delivery of the diaries to customers is in July and August of each year. The retail short peak selling period is usually September to October to gain the business of the corporate market.

588. As discussed at paragraph 472 Croxley estimated other producers contributing approximately [REDACTED] diaries per year to New Zealand's total domestic production. Figures from Kurtovich and Global give a total of [REDACTED] units for 2006. Croxley said that the market for designer diaries has increased over the last few years and the corporate diary market is strong at present. Table 5.19 details the New Zealand production information provided by Croxley, compared with imports of dumped and non-dumped diaries.

Table 5.19: Market Share (units)

	2003	2004	2005	2006
Dumped Imports from China	273,719	333,046	509,795	931,809
Dumped Imports from Malaysia	273,873	89,467	121,442	224,018
Total Dumped Imports	547,592	422,512	631,236	1,155,827
Croxley's Dumped Imports	28,544	11,349	15,884	29,231
Other Imports	601,916	765,005	533,816	428,695
Total Imports	1,178,052	1,198,866	1,180,937	1,613,753
NZ Industry	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
NZ Market	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
% Market Share:				
Dumped Imports from China	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dumped Imports from Malaysia	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Dumped Imports	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Croxley's Dumped Imports	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other Imports	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Imports	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
NZ Industry	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

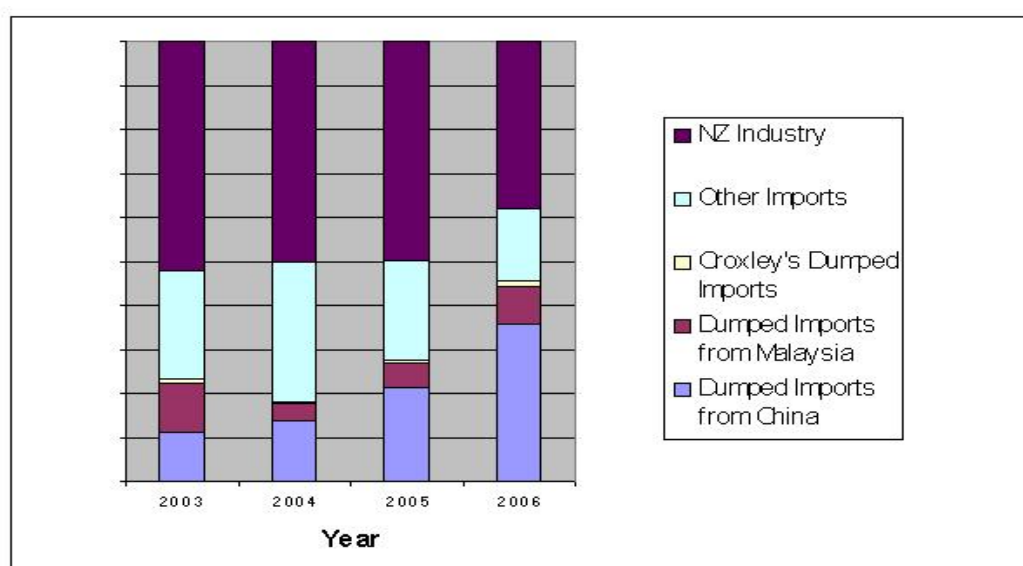
589. As discussed at paragraph 474, the total New Zealand market has increased six percent since 2003. Table 5.19 shows that the New Zealand industry has lost significant market share (a decrease of [REDACTED] percentage points) since 2003. At the same time, dumped imports from China and Malaysia have increased their market share [REDACTED] percentage points and all other imports have lost [REDACTED] percentage points of market share, indicating that all of the market share lost by the New Zealand industry has been replaced with dumped imports from China and Malaysia.

590. The market share held by dumped imports from China has increased substantially since 2003, increasing from [redacted] percent of the market in 2003 to [redacted] percent in 2006. Dumped imports from Malaysia have increased their market share substantially from the 2004 level with a particularly significant gain in market share in 2006, but remain below the level observed in 2003. In aggregate dumped imports have doubled their market share from [redacted] percent in 2003 to [redacted] percent in 2006.

591. A substantial portion of the market has therefore been gained by the imports of dumped diaries from China and Malaysia and while all of that increase between 2003 and 2006 has come from China, the volumes from Malaysia have been increasing strongly since 2004. It should also be noted that market share analysis gives no indication of prices and competition around particular segments of the diary market. A small volume of significantly dumped imports may initially put pressure on the domestic industry's selling prices before injury is manifest in market share figures.

592. The trend in market shares between 2003 and 2006 is shown graphically below.

Graph 5.11 New Zealand Market Share



Profits

Gross Profit

593. Changes in profit reflect changes in prices, sales volumes or costs. Dumped imports can impact on any or all of these. Normally, the extent of any decline in profit will be measured against the level achieved in the period immediately preceding the commencement of injurious dumping.

594. Croxley has provided gross profit figures, which are shown in Table 5.20. Again, these figures differ from the Initiation Report due to the exclusion of some

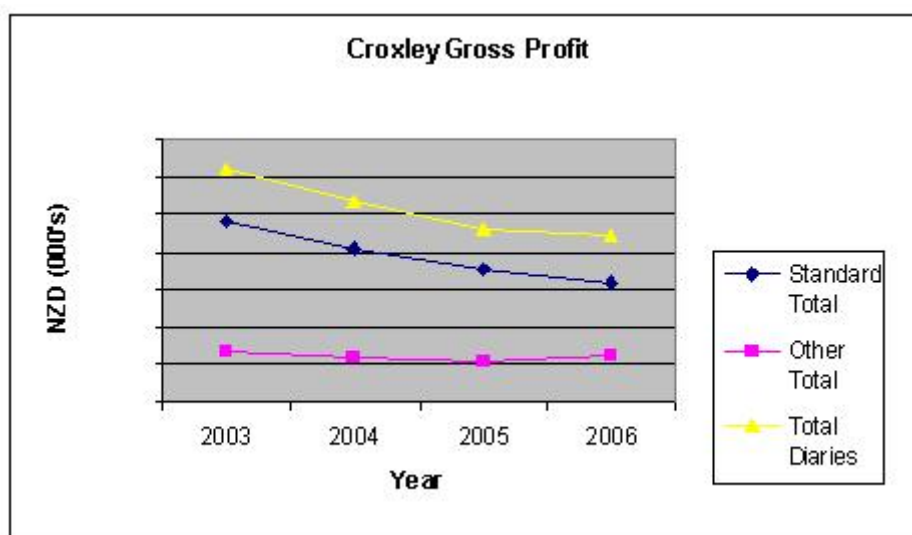
domestically manufactured diaries not considered to be like the subject goods, and the subtraction of exported diaries and [REDACTED] to customers.

Table 5.20: Gross Profit

Category		2003	2004	2005	2006
Standard	Gross Profit	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Change		[REDACTED]	[REDACTED]	[REDACTED]
	% Change		[REDACTED]	[REDACTED]	[REDACTED]
Other	Gross Profit	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Change		[REDACTED]	[REDACTED]	[REDACTED]
	% Change		[REDACTED]	[REDACTED]	[REDACTED]
Total Diaries	Gross Profit	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Change		[REDACTED]	[REDACTED]	[REDACTED]
	% Change		[REDACTED]	[REDACTED]	[REDACTED]

595. Table 5.20 shows that total gross profit has decreased over the period 2003 to 2006 by [REDACTED] percent. The standard range of diaries have showed continual loss of profitability since 2003, declining by [REDACTED] percent, while returns to other diaries (which generally command a higher premium due to the overall better quality and additional features) increased in 2006 to a level still [REDACTED] percent below 2003.

Graph 5.12 Gross Profit



Earnings Before Interest and Tax

596. Following the release of the EFC report Croxley provided revised earnings before interest and tax (EBIT) figures for the two 'major' categories that include

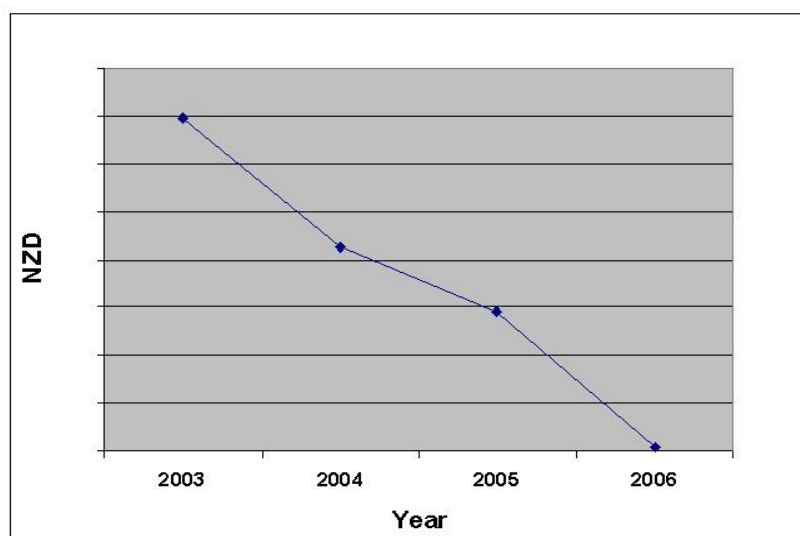
diaries and other products not covered by the subject goods definition in paragraph 93 (wall planners and calendars etc). The data set from which EBIT (and gross profit) figures are produced below is therefore larger than that used to produce the other tables in this section. Croxley advised that the revised figures corrected errors in the allocation of overheads to the operations to which the EBIT and gross profit figures relate. The following table shows an analysis of EBIT achieved by Croxley on sales of domestically produced diaries sold in the New Zealand market.

Table 5.21 Croxley's Earnings Before Interest and Tax (All Diary Sales)

	2003	2004	2005	2006
Gross Profit	██████████	██████████	██████████	██████████
Change		██████████	██████████	██████████
% Change		██████	██████	██████
EBIT	██████████	██████████	██████████	██████████
Change		██████████	██████████	██████████
% Change		██████	██████	██████
EBIT as % of 2003 EBIT		██████	██████	██████
EBIT as % of Gross Profit	██████	██████	██████	██████

597. Like products represent ██████ percent (by value) of the major categories for which EBIT figures are available. Trends in gross profit for this larger set of products show a more marked decline than the gross profit relating to domestically produced like goods given in table 5.20. The gross profit in Table 5.21 declined by ██████ percent from 2003 to 2006 while the gross profit in Table 5.20 shows a decline of ██████ percent over the injury period. EBIT has declined more markedly than gross profit, decreasing by ██████ percent over the injury period, falling in each year.

598. The revised EBIT figures provided since the release of the EFC report show a much more significant decline in EBIT than that in the EFC report, but both sets of data show a significant decline in EBIT over the injury period, although the EBIT recorded in the EFC showed some recovery in EBIT in 2006 which was contrary to the trends in gross profit.

Graph 5.13 Croxley's Earnings Before Interest and Tax (Diary Sales)

Productivity

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

600. Sales quantities have been increased by the quantity of diary inventory write-off (provided for 2004 to 2006) to obtain production volumes. Croxley also provided data relating to its labour hours for its Collins Plant, which has been used as measure of productivity of diaries in the following table by applying the percentage of manufacturing cost devoted to diaries manufacture, estimated by Croxley to be 10 percent. Labour hours do, however, include hours worked on export goods.

Table 5.22: Output and Productivity (Diaries)

	2004	2005	2006
Total production (Units)	██████████	██████████	██████████
Change from Previous year		██████████	██████████
Labour hours	██████████	██████████	██████████
Units per hour	██████████	██████████	██████████

601. Table 5.22 shows that output per employee has declined slightly since 2004, falling 10 percent between 2004 and 2006.

Return on Investments

602. 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.

603. Croxley was unable to provide an estimate of the assets employed in the production of diaries because the plant is not dedicated solely to this purpose. It is likely, however, that the decline in profits is mirrored by a corresponding decline in the return on investments, given that there has been no significant change over the period being examined for injury in the investment in assets used to produce diaries.

Capacity Utilisation

604. 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.

605. Croxley stated in its application that if its capacity were calculated on the basis of 24 hours a day, 7 days a week, its current utilisation is approximately [REDACTED]. Croxley subsequently said that capacity is primarily a function of machine speed and shifts operated but has not provided any detailed calculation of its production capacity.

606. The Ministry notes that Croxley's sales volumes have declined since 2003. There is no evidence to indicate that there has been any significant change in Croxley's production capacity since 2003. It is therefore likely that capacity utilisation has declined since 2003 but this conclusion is necessarily tentative given the lack of any detailed capacity calculation from Croxley for each year from 2003.

5.6 Other Adverse Effects

607. 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, factors affecting domestic prices and the magnitude of the margin of dumping.

Cash Flow

608. Croxley did not provide information on cash flow because of the difficulty in allocating cash flow to its domestic production and sale of like goods. There is therefore no direct evidence of an adverse impact on cash flow attributable to dumped imports. It is likely, however, that the decline in Croxley's profits will have flowed through into a decline in Croxley's cash flow from operations.

Inventories

609. Croxley advised that diaries are unique in relation to normal stock carrying trends because diaries become obsolete part way into the year for which they were produced. Any stock not sold therefore is destroyed in about March each year. The inventory level is consequently reduced to about zero every March and then built up

for the next diary season. Croxley provided the following details of its diary obsolescence write offs (no figure was available for 2003):

Table 5.23: Diary Obsolescence (NZD)

	2004	2005	2006
Diaries written off	██████████	██████████	██████████
Change from previous year		██████████	██████████

610. The diary obsolescence information shows a significant increase in the quantity of unsold diaries written off by Croxley. Croxley commented that it carried only a certain amount of stock for a very limited time so it could supply some customers with further stock at short notice.

611. In response to the EFC report Corporate Express stated that Croxley, as a manufacturer of a seasonable product, has always solicited indent orders prior to the making of the diaries. Corporate Express said the significant increase in the write-off of inventory clearly indicates that Croxley must have manufactured additional diaries to that ordered which has added to its costs.

612. The trend since 2004 regarding the quantity of unsold diaries does show that more diaries are written off each year. Such a trend indicates that Croxley produces more diaries than it contracted to supply and this may have occurred due to an expectation that customers would purchase additional volumes or because of cancelled orders. The Ministry agrees that such write offs would increase Croxley's costs. Croxley does carry some inventory for supply to customers on an ex-stock basis so it is reasonable to assume that at least some of the write-off could be attributable to loss of sales to dumped imports although it is not clear to what extent this is so.

Employment and Wages

613. Croxley has not made claims that employment or wages have been adversely effected by dumped imports, although Croxley has submitted that if it were to lose a major customer, employee numbers would likely be affected.

614. Croxley provided the following details of the average number of staff employed each year at its Collins plant since 2003, which confirms there has been no adverse impact on employee numbers.

Table 5.24: Employee Numbers

	2003	2004	2005	2006
Average Employee Numbers	██████	██████	██████	██████

615. Croxley also provided details of its average hourly rates for its production staff which confirm that rates have increased over the period being examined for injury.

Growth, Ability to Raise Capital and Investments

616. Croxley has commented that although the diaries market was growing globally its sales in New Zealand were declining, and this has had an impact on the business case for achieving capital investment from its parent company.

617. Croxley advised that some projects had been declined by its parent company, or had resulted in no formal capital expenditure bid being created because the project failed to meet internal investment return guidelines. Croxley considered that the lack of profitability in diary products had contributed to the difficulty it faced in raising capital for diary related projects. Croxley provided information about CAPEX forecasts from 2001 to 2006 for the company, and noted those projects relating to diaries which were or were not successful. This indicated that a number of these proposed projects had not gone ahead.

618. Croxley has made no specific claims that its growth has been adversely affected by dumped imports. There is therefore no evidence of an adverse impact on growth attributable to dumped imports.

Factors Affecting Domestic Prices

619. Croxley has commented that the lowest priced imported goods to some extent affect domestic prices. Croxley noted that the price of imported goods was partially determined by the relevant exchange rates faced by importers. Croxley also observed that price competition was greatest among lower quality products.

Level of Dumping Margin

620. The magnitude, or level, of the margin of dumping can be a useful indicator of the extent to which injury can be attributed to dumping, particularly when it is compared with the level of price undercutting.

621. The weighted average margin of dumping for all exporters from China is 59 percent and from Malaysia 30 percent, which is sufficient to indicate that the dumping margin has contributed significantly to the price effects attributable to dumped imports.

5.7 Other Causes of Injury

Non-dumped Imports

622. The volume and value of non-dumped imports from any country can be a source of material injury to the New Zealand industry. This includes imports from the territories subject to this investigation that have been sold at un-dumped prices.

623. The volumes and values of non-dumped imports, which covers imports from countries other than those under investigation and non-dumped imports from the countries under investigation, are shown in Table 5.1. This table shows that non-dumped imports have decreased by 29 percent in absolute terms since 2003 and

that relative to New Zealand consumption they have also declined significantly over this period, declining by [REDACTED] percentage points.

624. The main sources of other imports in 2006 were Singapore (8% of total imports), Australia (6%), Taiwan (1%), India (0.8%) and the United States of America (0.8%).

625. The Ministry has carried out a price undercutting comparison of prices from countries other than those under investigation by comparing average CIF values per unit for imports from other countries over the POI (NZD\$ [REDACTED] per unit) with Croxley's average selling price per unit in 2006 (NZD\$ [REDACTED]), as established by the method explained in paragraph 488. This comparison shows imports of diaries from other countries are not undercutting Croxley's prices on average.

Demand or Consumption Change

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

627. Croxley advised that it did not consider the market for diaries was contracting. Croxley also said it did not consider computer based diaries had had a negative impact as the diaries market was growing globally.

628. Tasman submitted that there does not appear to be a contraction in demand but said technology such as the use of personal computers and hand held devices may have reduced the use of paper diaries. Tasman said there is a trend to introduce "fashion" diaries, more upmarket portfolio diaries and timeplanner type diaries which are a growing market segment. Tasman noted that the diary selling season of August to October is still a crucial selling time for retailers. Tasman said the area of growth appears to be in the fashionable diaries and time planners with ring mechanism.

629. Corporate Express has submitted that diaries in the commercial market will continue to experience a slow decline in the volume of sales as this sector moves towards electronic diaries, supported by both the increased use of Microsoft Outlook and reductions in the cost of personal digital assistants (PDAs). Corporate Express also said that sales of diaries will be affected by innovations such as the trend towards information captured on mobile phones. NGT commented that there is limited growth for traditional diaries due to increasing use of electronic based diaries.

630. In response to the EFC report Paper Plus Group (Paper Plus) stated that up until a few years ago Croxley supplied the overwhelming majority of diaries in the New Zealand market and in particular considered that it specialised in the more traditional corporate market segment. Paper Plus considered that in terms of demand, the retail stationery market has seen a "huge trend" toward the more fashion orientated stationery in a range of products from ring binders to note books to diaries and gave the example of the introduction of a high price fashion brand Kikki K to the New Zealand market.

631. Paper Plus considers that Croxley has been unable to offer a credible range of diaries to compete in this segment and considers this is because Croxley is geared

to the commercial (business and retail) market and not niche markets, where companies like itself work closely with suppliers to develop exclusive designs which have short production runs.

Restrictive Trade Practices

632. Restrictive trade practices of overseas or New Zealand producers, such as, price ceilings, other statutory measures, or exclusive dealer arrangements, can affect the financial position of New Zealand diary manufacturers when they are not the beneficiaries of the restrictions.

633. Croxley advised that it was not aware of any restrictive trade practices used by overseas or New Zealand producers but did note that due to the internationally competitive relationship between OfficeMax and Corporate Express, Croxley, as a member the OfficeMax group, was unlikely to gain the business of Corporate Express in New Zealand. Croxley also noted that a substantial volume of its sales were still made to competitors of OfficeMax and so although the price differences reflected volume it was mindful of the necessity to keep prices between its other key customers relative to each other.

634. Tasman advised that as OfficeMax, a large contract/commercial stationery reseller, and Croxley have common ownership it is difficult to gain any business from them especially if the products are similar.

Competition

635. Competition between, overseas and New Zealand producers of diaries can be a cause of material injury independent of any dumping. For example the existence of a price war or the constant threat of new competitors to the New Zealand market can cause a fiercely competitive environment where it is difficult for a New Zealand manufacturer to make positive returns.

636. Tasman advised that the retail and business markets are competitive which is demonstrated by the strategies used to gain market share. The strategies can be below the line payment of rebates, advertising contributions and delayed payment options or the introduction of diaries that have unique features which can often remove the emphasis on discounting.

637. Corporate Express commented that the commercial sectors focus on reducing costs will see a continued move away from manufacturer's brands towards private label brands. Corporate Express provided extracts from a report "The New Zealand Office Products Market 2nd Edition 2006 – 2008" by BIS Shrapnel (Pty) Ltd to support this comment, although the report appears to be commenting on stationery generally rather than on diaries specifically. Corporate Express observed that, in its opinion, there is no brand that commands a premium in the New Zealand market place.

638. Corporate Express also quoted from the BIS Shrapnel report which states that the domination of the market by OfficeMax and its relationship with Croxley means that many suppliers have chosen to appoint Croxley as their agent/distributor/wholesaler, which means that Croxley is also the main stationery wholesaler. Corporate Express said that this means that competitors of

OfficeMax/Croxley (including Corporate Express) must continue to source alternative supply lines if they wish to compete across the various distribution channels in the New Zealand market.

639. NGT commented that it is able to sell diaries in New Zealand because of [REDACTED] inability to supply on time, [REDACTED] and the desire for choice, rather than because of its pricing.

Submissions in Response to EFC Report

Corporate Express

640. Corporate Express expressed the view that the existing market position of Croxley in New Zealand is the result of normal healthy competition. Corporate Express submits that Croxley has not kept up with evolving trends in the diaries market and continues to offer a very broad range of sizes and covers which has resulted in it incurring significantly higher production and distribution costs. Corporate Express said that this is demonstrated by Croxley continuing to produce an 8" x 5" diary range in addition to an A5 diary range which is now an accepted preferred size. Corporate Express states that the quality, price and (lesser) features of imported diaries are acceptable to consumers at the corporate and government levels, as well as commercial and retail sector consumers.

641. Corporate Express also stated that it has been able to source some New Zealand made diaries from New Zealand producers other than Croxley below the equivalent Croxley manufactured product. Corporate Express stated that Croxley had always solicited indent orders for diaries in the past and noted that the EFC Report had stated that there had been a significant increase in the volume of diaries written off by Croxley. It was considered that Croxley had added to its own costs by manufacturing products additional to firm orders.

Incentives 2

642. Incentives 2 consider that there is very active competition in the diaries market and that the segments in the market are not fundamentally the same, but are very different. It said that in the corporate branded product market, clients have a need to differentiate themselves in projecting their corporate image, and this is reflected in the design and presentation of their choice of diary. It was Incentives 2's view that Croxley is clearly in the commodities diary market which produces an ordinary style of diary, but does not have the objective of projecting a corporate image. It said that sales to the corporate market are not a commodity business, but a niche market where each customer wants an individualised product which differentiates it from its competitors. Incentives 2 was of the view that Croxley did not do this well if at all, because its target market was the commodity retail sector.

643. Incentives 2 noted that other suppliers such as [REDACTED] were solely servicing the corporate market and if these products got into the retail market it was by accident rather than design. It gave an example of a major supplier from Europe, [REDACTED], and stated that in order to be successful like [REDACTED] or [REDACTED], a clear understanding of the needs of corporate clients was necessary, innovative design features in the printed book blocks [REDACTED]

[REDACTED] and an exceptional investment in cover design and materials.

644. Incentives 2 stated that corporate diaries are not necessarily more expensive than diaries for retail sale. One of the reasons for this is that corporate market suppliers have less SKUs than commodity diary manufacturers because they are not catering for a broad range of product required by the retail market. This means the corporate market has a lack of variety but is very targeted in the product range and meets a specific market demand. Incentives 2 said that in order to be successful in the corporate market, the diary design, performance and on time delivery must be fulfilled. It was Incentives 2's view that in the past Croxley had not performed well in these areas and thereby had resulted in lost business which if on-going was difficult to regain even if its quotes were lower than its competitors. Incentives 2 said that Croxley had shown that it could not compete in the corporate market irrespective of pricing issues, and that if an anti-dumping duty was imposed this would be no guarantee that Croxley would regain business that it had lost.

645. It considered that an exemption for corporate diaries should be considered as it "is a very separate specialized category" of the diary market.

Paper Plus Group

646. Paper Plus said that it is [REDACTED]. Paper Plus said that a monopolistic situation would develop if anti-dumping duties were imposed on diaries. Paper Plus said that the effect of duties would reduce supplier competition, reducing customer choice and forcing up the price. Paper Plus said that it would be forced to do business with [REDACTED] competitor [REDACTED]. It said that dealing [REDACTED] made "commercial sense to diversify and form strategic partnerships with other suppliers" so as not to be competitively disadvantaged.

647. Paper Plus stated that if duties are imposed, [REDACTED] in the diaries market is threatened.

648. Paper Plus also commented that one of the factors that [REDACTED] has been the strong New Zealand dollar exchange rate. Paper Plus considers that this has led to swing toward imported diaries which have become less expensive and therefore more price competitive, [REDACTED] with their imports coming from China, either directly or through a New Zealand supplier.

Ministry's Consideration of the Issues

649. Croxley mainly manufactures for the business and retail market, but also competes to some degree in the corporate market. Companies have the choice of purchasing any type of diary, for example a custom-made or a business diary, and to that extent there is crossover in the markets. A sale to a corporate entity in one market can be considered to be a lost sale in the other market. Croxley is largely in

the business and retail markets which require a considerably wider range of choice than the corporate market, so a larger number of SKUs is necessary. The nature of these markets means that it is difficult to estimate sales volumes. The corporate market diaries are made to order and so there is little waste as companies contract for a set amount of product. It is therefore likely there will be more wastage in one market than the other.

650. The main raw material input into diaries is paper and this is a commodity sold at world prices. Volume would have an impact however, though no evidence has been provided to show that Croxley are particularly disadvantaged on the cost of paper. Other parts of the diary are also significant in terms of cost. Fashion as presented mainly in the design of the diary cover appears to be becoming more significant although this does not necessarily mean an increase in cost. Comments have been made about Croxley not being able to hold its own in this area, however, fashion diaries appear to be part of each market rather than the whole of a market.

651. The strong New Zealand dollar will have made imported diaries more competitive but most of the increase in the value of the New Zealand dollar has occurred in 2007 which is after the period covered by the injury analysis so is unlikely to have been a factor in the declines in the injury factors examined, particularly those in 2006, a period in which the New Zealand dollar (against the US dollar) was markedly lower than in 2007.

652. There is some crossover between markets and customers have choices across a wide range of diaries. The diaries fulfil a similar function in each market and a sale in one market may (although not necessarily) replace a sale in another market. Exempting one market from any remedy imposed would allow the possibility of the market becoming distorted by volume (increasing imports) and price, as it has been said that prices are not so necessarily different in each market. There is no evidence that corporate style diaries are not dumped.

653. Several submissions raised the issue of the relationship between Croxley and OfficeMax and that to be more competitive they need to find other sources of supply and [REDACTED] secure competitive prices, which means in the main importing. This is a competitive issue in the New Zealand market and may be a cause of injury to Croxley although the only evidence of this is anecdotal.

654. A number of comments have been made about service, in particular the late delivery of product and that this was a reason why a number of companies have looked elsewhere for supply of diaries. As diaries are a seasonal product, delivery on time would appear to be a particularly important issue. It may be that Croxley has lost sales because of this but the evidence is again anecdotal and is difficult to quantify. Failure to meet delivery deadlines may be another cause of injury that has materially affected Croxley, but again is difficult to quantify.

Developments in Technology

655. If New Zealand manufacturers fail to uptake new technologies this can be a cause of injury to their performance. Likewise if a company chooses to be an early adopter of new technology, the cost of being the first to market with a technology can carry a cost that outweighs the return.

656. Croxley noted that due in part to developments in printing and design technology, the production of diaries had become faster and more efficient. However Croxley noted that diaries production was still more labour intensive than the production of other stationery products made by it.

657. In terms of machinery technology, Croxley noted there had been some improvements, particularly in the design area. Croxley said it had acquired more sophisticated design software and printing equipment, which allowed it to bypass some of the traditional stages of the printing process. Croxley has been gradually modernising its factory machinery and considers that technologically its production facility was on par with anything internationally.

Exports

658. Export performance and productivity of the New Zealand producers can be a cause of injury if the export occurs at the expense of its domestic market. This is why the figures analysed above relate only to domestic production for sale on the New Zealand domestic market.

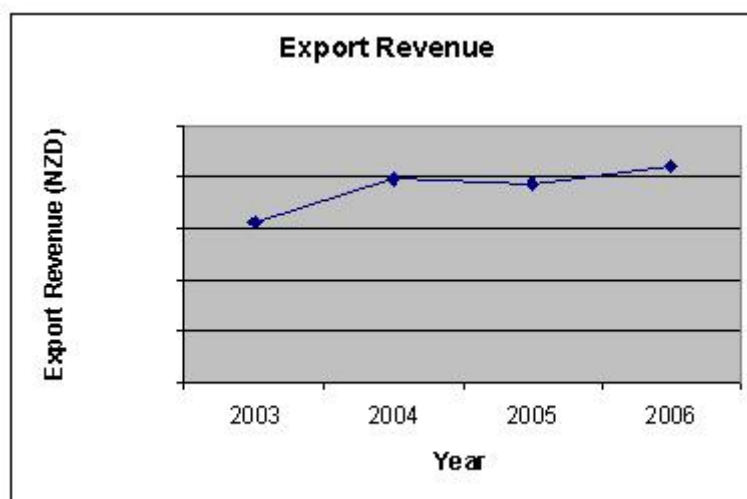
659. The details of Croxley's exports for 2003 to 2006 are shown in the table below.

Table 5.25: Export Sales Revenue

	2003	2004	2005	2006
Exports	██████████	██████████	██████████	██████████
Change		██████████	██████████	██████████
% Change		██████	██████	██████

660. Table 5.25 shows that export sales revenue has increased ██████ percent since 2003.

Graph 5.14: Export Sales Revenue



661. The data in Table 5.25 and the significant spare production capacity held by Croxley indicate that Croxley's export operations are not causing material injury to its domestic manufacturing operations.

Imports

662. Imports of dumped goods by the New Zealand manufacturers can also be a cause of material injury. This means that any imports made by Croxley have also been included as a separate item in the analysis of dumped import volumes. This ensures that a New Zealand manufacturer is not able to benefit from any injury that is the result of its own importations of dumped goods to the disadvantage of any other importer. If anti-dumping duties are imposed they will apply to all imports against which they have been imposed, including those made by any New Zealand manufacturers.

663. In assessing the impact of any imports of dumped goods imported by New Zealand manufacturers the Ministry is required to assess the nature and extent of any such imports, including the value, quantity, frequency and purpose of any such importations.

664. Croxley advised that it imports some goods to make up the range of products it offers to New Zealand customers. Over the POI Croxley imported dumped diaries from China and Malaysia, as shown in the table below.

Table 5.26: Dumped Imports by Croxley over the POI

Country	Quantity	% of Total Dumped Imports
China	██████████	██████
Malaysia	██████████	██████
Total	25,439	██████

665. Table 5.26 shows Croxley's dumped imports were insignificant relative to total dumped imports. An examination of Croxley's imports from China and Malaysia from 2002 to 2005 shows they were also insignificant relative to total imports.

666. The analysis of whether dumped imports have been a cause of injury to the New Zealand industry has done on the basis of dumped imports excluding those imported by Croxley. Given the basis of the injury analysis and the small volumes imported by Croxley, the Ministry does not consider that imports by Croxley of dumped diaries has had any material effect on the analysis of the injurious impact of dumped imports.

Conclusion on other Causes of Injury

667. Non-dumped imports have decreased in absolute terms and relative to New Zealand consumption and on average are not undercutting Croxley's prices. There is anecdotal evidence from other parties about competitive conditions in the New

Zealand domestic market which suggest that these may have been a cause of injury to Croxley. Some parties have also suggested that the increasing use of electronic diaries has affected demand for paper diaries but this is not borne out by the total New Zealand consumption figures compiled by the Ministry.

5.8 Causal Link

668. 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 5 of Article 3 of the Agreement.

669. 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.

670. 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.

First Causal Link Limb

671. In nominal terms the volume of dumped diaries in the New Zealand market has increased significantly. There has also been an increase in volume of dumped goods relative to the total market and total Croxley sales. The injury analysis shows that total dumped imports increased by 111 percent between 2003 and 2006. Over the same period dumped imports as a percentage of the total New Zealand market have doubled from 1.5 to 3.0 percent. Dumped imports as a percentage of total New Zealand industry sales have increased from 0.5 per cent in 2003 to 1.0 per cent in 2006.

672. There is evidence of a large degree of undercutting of Croxley’s prices by dumped imports in 2006. There is also evidence that Croxley’s prices have been depressed and suppressed over the period for which data is available. These volume and price effects correspond with declines in sales volume and revenue, market share, gross profit and EBIT, an increase in inventory write offs, a decline in productivity and an adverse impact on investments.

673. The Ministry consequently considers there is an inference that the increase in the volume of dumped goods, material price undercutting, price depression and suppression effects and the consequent economic impact outlined in the paragraphs above can be attributed to dumped imports from China and Malaysia.

Second Causal Link Limb

674. The Ministry has found that factors other than dumped subject goods are causing material injury to the New Zealand industry.

675. The extent to which non-dumped imports may have caused injury can be assessed through consideration of the volumes of non-dumped imports over the injury period and the extent of price undercutting. Non-dumped imports have decreased by 29 percent since 2003 and relative to New Zealand consumption have declined by 1.5 percentage points since 2003. The Ministry's comparison of average CIF diary prices from countries not under investigation with Croxley's FIS prices over the POI has shown no price undercutting. This is in contrast to the findings of significant price undercutting by dumped imports. There is evidence that competitive conditions in the New Zealand market may have caused injury to Croxley.

676. Dumped imports must be a cause of material injury in order for a finding of material injury to be sustained. The Ministry does not consider that the Act or Agreement provides that dumped imports must be the sole cause of material injury.

677. The Ministry is consequently satisfied that the other causes of injury are not sufficient to break the inferred causal link that dumped imports from China and Malaysia have caused material injury to the New Zealand industry.

5.9 Material Injury Conclusion

Import Volumes

678. The evidence available shows that there has been an increase in the volume of dumped imports in absolute terms and relative to New Zealand consumption and production, particularly in 2006.

Price Effects

679. There is evidence of significant price undercutting of Croxley's prices and evidence that Croxley's prices have been depressed and suppressed since 2003.

Economic Impact

680. There is evidence that the New Zealand industry has suffered the following adverse effects, attributable to dumped imports:

- a decline in sales revenue;
- a decline in sales volume;
- a decline in market share;
- a decline in gross profit;

- a decline in EBIT;
- an increase in inventory write-offs;
- a small decline in productivity; and
- an adverse impact on investments.

681. The magnitude of the margin of dumping has contributed significantly to the adverse price effects.

682. There is insufficient or no evidence of injury attributable to dumped imports, reflected in:

- a decline in return on investments;
- a decline in utilisation of production capacity;
- a decline in cash flow;
- a negative impact on employment and wages; and
- a negative impact on growth.

Finding of Material Injury

683. The Ministry is satisfied, having considered all the mandatory requirements, in addition to considering other relevant factors, both as presented by interested parties to this investigation and those discovered in the course of the investigation, that the domestic industry has suffered material injury. The Ministry is further satisfied that the material injury suffered was in significant part caused by the dumped imports from China and Malaysia such that the New Zealand industry has suffered material injury attributable to dumped imports.

6. Anti-Dumping Duties

684. Section 14 of the Act sets out the requirements relating to the imposition of anti-dumping duties.

685. The diaries covered by the present investigation are all, to some degree, different from each other in size, colour, style, design and price and the information on the invoices for transaction comparison purposes is sparse. The comparisons between the products therefore in a number of instances have been difficult, as is aggregation without distorting the fair comparisons that have been made. As much as possible the Ministry has sought to complete the analysis comparing like with like at least on size and standard features where possible. However, because of the individual differences between diaries and the difficulty in determining these, it is proposed that any duties that are imposed are applied to all diaries at the same rate or amount for each exporter or producer.

686. In the EFC report the Ministry proposed that anti-dumping duties should be imposed, canvassed the different methods of imposing anti-dumping duties and concluded that duties should be imposed on an *ad valorem* percentage basis at one rate for all types of diaries for each exporter.

6.1 Method of Imposing Duty

687. Anti-dumping duties can be applied in a number of ways and can be imposed as a rate or amount, including any rate or amount established by a formula. The basic approaches are:

- a specific amount per unit of product;
- an *ad valorem* rate; and
- a reference price approach.

688. The main objective of an anti-dumping duty is to remove the injurious impact of dumping. In deciding on the form of duty, considerations relating to ease of importing, ability to ensure the dumping margin is not exceeded, fairness between parties, and predictability all need to be taken into account. The objective of the anti-dumping duty is to remove injury attributable to dumping, and is not to punish the exporter, or to provide protection to an industry beyond the impact of the dumping.

689. Section 14(4) of the Act provides that the Minister must not impose a duty that exceeds the margin of dumping for the dumped goods. The Solicitor-General has advised that the references to "export price" and "normal value" in this section are to be read as references to the export prices and normal values established in the investigation or to the values at the time the goods subjected to the duty are imported.¹ Given this, the Ministry's approach is to adopt a form of duty that

¹ Plasterboard from Thailand, Reassessment, September 1999.

minimizes the possibility of exceeding the margin of dumping on shipments subsequent to the imposition of the duty by the Minister.

Specific Duty

690. A specific duty is a set amount per unit of product based on the monetary value of a margin of dumping. It has the advantages of being convenient to apply and impossible to evade by incorrectly stating the value for duty and clearly indicates to the importer the amount of duty payable. However, difficulties can arise where there is a wide range of goods involved, as is the case with diaries, where exchange rates fluctuate to the extent that the margin of dumping will be exceeded without constant reassessments of the duty, or where the exporter otherwise changes prices so that the duty is either greater than the margin of dumping or less than the margin of dumping previously established.

691. A specific duty, expressed as a monetary amount, can only really operate effectively when prices and exchange rates are consistent and stable and where the transaction-to-transaction comparison does not result in a range of different dumping margins. This last factor alone indicates that a pure specific duty approach is not suitable for diaries.

692. An alternative approach to deal with this problem is to express a specific duty as a formula, being the difference between equivalent prices to the normal value and the export price of a particular shipment, with the values for the normal value and export price being fixed. When those elements of the formula are expressed in terms of the currency of each transaction, the problem of exchange rate movements can be dealt with. However, a formula approach does not deal with the problem of changes in export prices for reasons other than exchange rate movements or movements in normal values including a wide range of products and dumping margins as is the case with diaries. For this reason a specific duty based mechanism is not suitable for the imposition of anti-dumping duties for diaries from China and Malaysia.

Ad valorem Duty

693. An *ad valorem* duty is a duty based on the dumping margin, expressed as a percentage of the export price, and is calculated as a percentage of the dutiable value. An *ad valorem* duty is convenient to apply and is not substantially affected by exchange rate movements. However, collusion between exporters and importers can lead to the manipulation of the invoice value of the goods concerned. *Ad valorem* rates are often appropriate where there is a large range of goods or where new models appear, although it may not be as suitable as other methods where the transaction-to-transaction comparison results in a range of different dumping margins. In the present case the range of diaries is broad and there are new models appearing all the time, although there is also a range of different dumping margins.

694. Because an *ad valorem* duty is imposed proportionate to the export price of the goods, a particularly low export price (and therefore a potentially more injurious export price) will result in a proportionately lower amount of duty, which may not be sufficient to remedy the injury caused by the dumping. Conversely, a particularly

high export price (and therefore likely to be less injurious), will attract a proportionately higher amount of duty, which may be higher than is necessary to remove the injury caused by the dumping.

695. *Ad valorem* duties can also be used to impose duties where dumping is found but circumstances exist to indicate that a duty should not be collected at the present time. In these circumstances an *ad valorem* duty at zero percent is imposed. This allows the Ministry to reassess or review the anti-dumping duty. For example if prices are dumped but the goods are considered to be entering above the industry's non-injurious price a zero duty may be imposed. However, if no duty was imposed then any changes in price or any other market situation that would normally result in a reassessment or review would require a new dumping investigation to be undertaken. Other methods of imposing a duty are also capable of achieving a similar outcome but *ad valorem* rates are most effective in the circumstances where a duty should not be collected in the interim, but a change in circumstances that would result in the need for a reassessment or a review are likely to occur in the near future.

696. An *ad valorem* rate gives an indication of the impact of the duty and can often be the easiest form of duty to release to interested parties without revealing confidential information that has been provided by any particular interested party. It does not, however, target the dumping as accurately as other forms of duty.

Reference Price Duty

697. Under the reference price approach, the duty payable is the difference between the transaction price and a reference price. The reference price would normally be based on the normal value, by means of Normal Value (Value for Duty Equivalent) (NV(VFDE)) amounts, or the non-injurious price (a price at which imports would not cause injury to the New Zealand industry), either at the FOB or CIF level. A NV(VFDE) amount represents the un-dumped value of the goods at the FOB level.

698. A reference price duty has the advantage that it is best able to deal with movements in the export price and exchange rates (if expressed in the normal value currency), and is also suitable when a lesser duty is applicable. However, it has been argued that it is more easily evaded than the other forms of duty, by overstating the value for duty of the goods. Nevertheless, a reference price does have the advantage of clearly signalling to exporters and importers what price is un-dumped or non-injurious, and provided the like goods and the reference price are carefully described, the problem of evasion can be dealt with. In addition, a reference price duty only collects duty when the goods are priced below the non-injurious or un-dumped reference price. It therefore collects duty only to the extent necessary to remove injurious dumping.

699. Reference prices are less suited to situations where prices change frequently, as movements in underlying prices means that the reference price needs to be reassessed in order for the duty to remain effective. With diaries the prices tend to change with each diary season, as competitors market compete for corporate or business supply contracts or for contracts to the major resellers.

700. Reference prices are not suited to goods where there is a wide range of individual types or models, as is the case with diaries. When there is a large range of types of goods it requires that individual reference price mechanisms are set, which can lead to difficulties with importation and delay the free flow of goods over the border. An alternative approach to resolve the problems that an extensive list of reference prices creates is to place the reference price on an aggregated group of the goods in question.

701. Clearly defining groups of diaries for other than size is difficult particularly if the amount of dumping is not related to size. In addition, for many exporters no information is available on the types of diaries they exported meaning that separate rates of duty by groups could not be established for those exporters. An aggregated group reference price approach, however, dampens the attractiveness of the transaction based component of a reference price mechanism as it aggregates individual products and becomes a proportionate duty, similar to the specific or *ad valorem* methodologies. Additionally, the arguments against the use of reference price mechanisms that relate to the ease of evasion are more pertinent for an aggregated reference price mechanism.

Method of Imposing Duty

702. The Ministry's practice is to consider the suitability of all methods of imposing anti-dumping duties, i.e. a specific amount per unit, a reference price and an *ad valorem* rate, according to the circumstances of each dumping investigation.

703. There is a wide range of specifications and prices of the product involved in this investigation and a correspondingly wide range of export prices and normal values. There are very distinct sub-markets which reflect the channels of distribution depending on whether the product is for retail, wholesale office supplies or the corporate market. Export prices are usually negotiated with suppliers and fixed for the diary season. Normal values can be subject to frequent change in competitive retail/wholesale domestic market but not the corporate market where the sales are often contract based and on an annual basis, but prices still change from year to year. However, there is insufficient information available to set rates separately for the corporate market, and even if the information was available, it is doubtful that corporate type diary could be adequately identified from other diary types such as to allow a separate rate of duty to be imposed at the border.

704. Historically the Ministry's preference has been to impose duties through a reference price mechanism, for the reasons set out above. There are no easily identifiable categories into which diaries could be grouped for which reference prices could be established. As noted previously, the lack of information about the types of diaries exported by many of the exporters means that even if such categories could be identified, it would not be possible to establish separate rates of duty for any such categories for most exporters.

705. The Ministry does not consider it would be practical to establish reference prices for individual types of diary given the very wide range in complexity in the make-up of the products and the frequency with which product offerings change. For the preceding reasons the Ministry does not consider it feasible to use the reference price or specific duty method to impose duties.

706. An *ad valorem* duty is appropriate whether there is a large range of goods and the goods are of the nature that the number of types may increase or decrease, e.g. due to changes in consumer demands or obsolescence. An *ad valorem* duty is easy to administer at the border and it is not releasing confidential information that has been provided by any party in the investigation. NGT submitted in response to the EFC report that if anti-dumping duties are imposed the rates of duty should be released in good time so that the importers can budget for the full cost of the goods that they are importing, rather than having imposed a confidential rate that can only be worked out when the goods enter the country.

707. The Ministry acknowledges that there is a wide range of dumping margins in this case but this is inherent with this type of product and causes difficulties regardless of the method used to impose duties. Therefore while the wide range of dumping margins means that weighted average dumping margins calculated are a summation across a wide range they are nevertheless representative of the dumping margins established.

708. The Ministry considers that duties should be imposed by means of an *ad valorem* percentage duty as it is a practical method of imposing duties against a product of this nature and can be enforced at the border.

Developing Country Considerations

709. For the purposes of dumping investigations and the imposition of anti-dumping duties, China and Malaysia are considered to be developing countries and therefore Article 15 of the Agreement applies. Article 15 requires that special regard must be given by developed country members to the special situation of developing country members when considering the application of anti-dumping measures. The possibility of constructive remedies is to be explored before applying anti-dumping duties where they would affect the essential interests of a developing country member.

710. The Ministry has not received a submission from either the government of China or Malaysia about possible constructive remedies or about the affect of anti-dumping duties on its essential interests as a developing country.

711. The WTO Dispute Settlement Panel in *Cotton-Type Bed Linen from India* stated that “the imposition of a “lesser duty” or a price undertaking would constitute “constructive remedies” within the meaning of the Article 15...”²

712. Starting from paragraph 713 below the Ministry has considered whether duties at less than the margin of dumping (lesser duties) should apply and has concluded that duties should be imposed at the full margin of dumping. No offers of price undertakings were received. The Ministry considers that to the extent that it is able to do so by the Act, it has explored the possibilities of constructive remedies provided for by Article 15 of the Agreement.

² Report by the Panel on European Communities-Anti-Dumping Duties on Imports of Cotton-Type Bed Linen from India, WT/DS141/R, 30 October 2000, at paragraph 6.229.

6.2 Amount of Anti-Dumping Duty

Consideration of Lesser Duty

713. Section 14(5) of the Act requires that the Minister has regard to the desirability of ensuring the amount of duty is not greater than is necessary to prevent material injury to the New Zealand industry. To this end the Ministry's usual practice is to use either one of two methods to determine whether a lesser duty should apply.

714. The first involves the calculation of non-injurious free on board (NIFOB) amounts and normal value (value for duty equivalent) (NV(VFDE)) amounts. If the NIFOB is less than the NV(VFDE) this normally indicates that a lesser duty should apply. If the NIFOB is more than the NV(VFDE) this normally indicates that duty should apply at the full margin of dumping.

715. NIFOB's are calculated by deducting from the industry's non-injurious price (NIP) the costs arising after FOB up to the level of trade at which the imported product first competes with the New Zealand industry's product. NV(VFDE) amounts are calculated by adding to normal values the costs incurred between the ex-factory and FOB levels in the country of origin.

716. The second method is adding back the margin of dumping to the export price and comparing this price to the industry's NIP. If there is still price undercutting then this normally indicates that an anti-dumping duty should be imposed at the full margin of dumping and if there is no price undercutting this normally indicates that a lesser anti-dumping duty should apply.

717. It has been concluded above that a percentage ad valorem duty is the most appropriate form of duty in this case. The NIFOB/NV(VFDE) approach requires the establishment of reference prices and therefore this method cannot be used to determine whether a lesser duty in the form of a percentage ad valorem duty should apply, meaning the other method must be used. The Ministry notes that the determination of whether a lesser duty should apply is not affected by which method is used as either approach will result in the same outcome.

New Zealand Industry's Non-injurious Prices

718. For both methods the Ministry must first establish a NIP or NIPs for the New Zealand industry. The NIP refers to the price the New Zealand industry could achieve in the absence of dumped product in the New Zealand market. The methods that can normally be applied are:

- using pre-injury prices scaled up by a relevant index; or
- determining the lowest priced non-dumped product in the market such as the price of goods originating from Australia.
- the current cost of production plus industry profits taken at a time when the industry was unaffected by dumped imports;

719. Croxley has claimed that injury as a result of dumped imports began in 2004 and became serious material injury in 2006. The analysis of the injurious effects of dumping generally shows a decline in the injury indicators from 2004, with a particularly significant impact in 2006, which supports Croxley's claim. Scaling up pre-injury prices by an index would therefore require the application of the index from 2003. The Ministry does not consider that it would be reasonable to scale up prices using an index such as the producer price index from 2003 given the general nature of such an index and the length of time over which prices would need to be updated if there are alternative methods available for establishing NIPs.

720. In considering the use of the lowest priced non-dumped product, the Ministry notes that even after Croxley has depressed its prices there is still significant price undercutting by dumped imports. While this price undercutting in conjunction with volume effects and the consequent economic impact have been a cause of material injury, it has not resulted in a massive or very large scale loss of sales. This suggests that there is a premium attached to Croxley's brand and/or its ability to service its customers. The Ministry therefore does not consider it would be reasonable to set Croxley's NIPs on the basis of the lowest priced non-dumped imports. There would also be considerable difficulty in establishing the lowest priced non-dumped imported diaries from countries other than China and Malaysia because of a lack of detailed pricing information.

721. The Ministry consequently considers that the best method to use in this case is that based on current costs of production adjusted for a profit margin achievable in the absence of dumped imports. As noted in paragraph 719 above Croxley has claimed that material injury as a result of dumping was first experienced in 2004 and became serious material injury in 2006 and this is supported by the injury factors examined under injury above. The Ministry has therefore taken the gross margin achieved by Croxley in 2003 (as a percentage of the cost of production) of 12.5 percent of the cost of production and applied it to Croxley's cost of production for 2006 to estimate an average NIP. Details are shown in the table below.

Table 6.1: Croxley's Non-injurious Price

2006 cost of production per unit	12.5
Gross profit @ 12.5% of cost of production	1.56
Non-injurious price	14.06

722. To establish whether a lesser duty should apply the Ministry has compared the extent to which Croxley's NIP has been undercut by the dumped exports to which the weighted average dumping margin has been added.

723. To calculate prices for each exporter, the prices of dumped exports have been calculated on a weighted average basis at the same level of trade at which the price undercutting comparison was conducted, as set out in section 5.3 above. The weighted average margin of dumping for each sub-category has been converted from either CNY or MYR to NZD at the average exchange over the period of

investigation taken from the OANDA currency conversion web site of 1NZD = 5.17674 CNY and 1NZD = 2.37829 MYR.

724. The following tables show the results of the comparison carried out on the basis set out above for those exporters where there was sufficient information to calculate a weighted average dumping margin.

Table 6.2: Olympia Diary Guangzhou Price Undercutting Inclusive of Dumping Margin

Croxley's NIP	Olympia Diary's Weighted Average Price Inclusive of Dumping Margin	Price Undercutting	Full Margin or Lesser Duty
			Full Margin

Table 6.3: Richgrade Price Undercutting Inclusive of Dumping Margin

Croxley's NIP	Richgrade's Weighted Average Price Inclusive of Dumping Margin	Price Undercutting	Full Margin or Lesser Duty
			Full Margin

Table 6.4: Sintex Price Undercutting Inclusive of Dumping Margin

Croxley's NIP	Sintex's Weighted Average Price Inclusive of Dumping Margin	Price Undercutting	Full Margin or Lesser Duty
			Full Margin

Table 6.5: Texsun Price Undercutting Inclusive of Dumping Margin

Croxley's NIP	Texsun's Weighted Average Price Inclusive of Dumping Margin	Price Undercutting	Full Margin or Lesser Duty
			Full Margin

Table 6.6: WKT Price Undercutting Inclusive of Dumping Margin

Croxley's NIP	WKT's Weighted Average Price Inclusive of Dumping Margin	Price Undercutting	Full Margin or Lesser Duty
			Full Margin

Table 6.7: Chee Wah Price Undercutting Inclusive of Dumping Margin

Croxley's NIP	Chee Wah's Weighted Average Price Inclusive of Dumping Margin	Price Undercutting	Full Margin or Lesser Duty

			Full margin
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Table 6.8: Olympia Diary Malaysia Price Undercutting Inclusive of Dumping Margin

Croxley's NIP	Olympia Diary's Weighted Average Price Inclusive of Dumping Margin	Price Undercutting	Full Margin or Lesser Duty
			Full margin

Table 6.9: UPA Press Price Undercutting Inclusive of Dumping Margin

Croxley's NIP	UPA Press' Weighted Average Price Inclusive of Dumping Margin	Price Undercutting	Full Margin or Lesser Duty
			Full margin

725. On the basis of the above considerations the Ministry concludes that in all cases anti-dumping duties should be applied at the full margin of dumping.

Rates of Anti-Dumping Duty

726. The rates of duty are to be set on a percentage ad valorem basis at the full margin of dumping, to be applied to the value for duty of the goods. The percentage rate of duty will therefore be equal to the weighted average margin of dumping established for each exporter or producer investigated, as shown in the following tables.

Table 6.10: Exporter Specific Rates of Duty: China

Company	Ad Valorem Rate of Duty
Dragon Boat Ltd	59%
Haier Fung Choi Printing Ltd	59%
Ningbo Guangbo Import & Export C. Ltd	59%
Olympia Diary Guangzhou Ltd	53%
Richgrade Ltd	164%
Sintex Link Ltd	36%
Texsun Ltd	48%
WKT Co. Ltd	38%

Table 6.11: Exporter Specific Rates of Duty: Malaysia

Company	Ad Valorem Rate of Duty
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Chee Wah Corporation Berhad	12%
Ginhau Psn Printing (M) Sdn Bhd	30%
Olympia Diary (M) Sdn Bhd	39%
UPA Press Sdn Bhd	25%

Residual Rates of Duty

727. It is necessary to establish a residual rate of duty that will apply to exporters not investigated in this investigation.

728. The Ministry has investigated a selection of exporters and producers under paragraph 10 of Article 6 of the Agreement, representing the largest percentage of the exports that could reasonably be investigated. As a consequence, the provisions of paragraph 4 of Article 9 of the Agreement apply in setting residual duties.

729. Paragraph 4 of Article 9 of the Agreement requires that in setting a residual rate it is not to exceed the weighted average margin of dumping of the selected exporters and producers and the Ministry is required to disregard any zero and *de minimis* margins and margins established in the circumstances of Paragraph 8 of Article 6 of the Agreement. Paragraph 8 of Article 6 of the Agreement provides that in cases where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period or significantly impedes the investigation, a determination may be made on the basis of the facts available.

730. Except for ODG a determination was made at least in part on the basis of the facts available for all of the exporters or producers of Chinese diaries. The residual rate for China has therefore been set at the weighted average dumping margin of ODG of 53 percent.

731. In the case of Malaysia a determination was made in part for all exporters and producers investigated except for Chee Wah and ODM on the basis of facts available. While the majority of the normal values for ODM were established on the basis of sales made by another seller of like goods on the Malaysian domestic market, the use of such sales did not arise because ODM refused access to or otherwise did not provide necessary information or significantly impeded the investigation. Rather the use of such sales arose because sales by ODM were not suitable for use in establishing normal values. The circumstances in Article 6.8 of the Agreement therefore do not apply and ODM's weighted average dumping margin can be used in establishing a residual rate of duty.

732. The residual rate for Malaysia has therefore been based on the weighted average dumping margin of Chee Wah and ODM of 34 percent.

Consideration of a Cap on Ad Valorem Rates

733. The Ministry has considered whether a cap in the form of a NV(VFDE) reference price should apply to the ad valorem percentage rates of duty proposed above. If the ad valorem rates of duty were to be subject to such a cap, the cap would come into effect if the amount of duty payable through the application of the

NV(VFDE) reference price was less than the amount of duty payable through the application of the ad valorem percentage rate.

734. The Ministry has calculated NV(VFDE) amounts for each of the exporters/producers where such a calculation was possible. Because of differences in the product mix exported by each exporter, there is a wide variation in the caps that would apply to each exporter, as shown in the tables below.

Table 6.12: NV(VFDE) Amounts: China

Company	NV(VFDE) Amount (CNY)
Olympia Diary Guangzhou Ltd	██████████
Richgrade Ltd	██████████
Sintex Link Ltd	██████████
Texsun Ltd	██████████
WKT Co. Ltd	██████████

Table 6.13: NV(VFDE) Amounts: Malaysia

Company	NV(VFDE) Amount (CNY)
Chee Wah Corporation Berhad	██████████
Olympia Diary (M) Sdn Bhd	██████████
UPA Press Sdn Bhd	██████████

735. In many cases, because of a lack of information normal values could only be established for a relatively small number of product types and transactions. In many cases also it was not possible to establish any normal values for an exporter/producer, which would therefore require the use of NV(VFDE) amounts averaged across those exporters/producers where it was possible to establish normal values.

736. The Ministry consequently does not consider it would be reasonable to cap the ad valorem rates by such widely differing amounts. While the different amounts reflect differences in the product mix, there is no certainty that the product mix will stay the same in future and such widely differing caps may in fact drive changes in the types of products exported to New Zealand and highlight why reference prices are not a suitable way of imposing duties on this product. At the same time, the Ministry considers that the dumping margins on which the ad valorem percentages rates of duty are based are more likely to be representative of the price discrimination between different product types that may be exported in future.

737. The Ministry therefore proposes that no reference price caps should apply to the ad valorem rates of duty. The Ministry notes that if importers consider that duty

has been paid in excess of the margin of dumping, they can apply to the Ministry for a refund of any such excess.

Summary of Proposed Exporter/Producer Specific and Residual Duty Rates

738. The following tables summarise the proposed rates of duty calculated on the basis set out above.

Table 6.14: Proposed Duty Rates: China

Company	Ad Valorem Percentage Rate of Duty
Dragon Boat Ltd	59%
Haier Fung Choi Printing Ltd	59%
Ningbo Guangbo Import & Export Co. Ltd	59%
Olympia Diary Guangzhou Ltd	53%
Richgrade Ltd	164%
Sintex Link Ltd	36%
Texsun Ltd	48%
WKT Co. Ltd	38%
Residual rate of duty	53%

Table 6.15: Proposed Rates of Duty: Malaysia

Company	Ad Valorem Percentage Rate of Duty
Chee Wah Corporation Berhad	12%
Ginhau Psn Printing (M) Sdn Bhd	30%
Olympia Diary (M) Sdn Bhd	39%
UPA Press Sdn Bhd	25%
Residual rate of duty	34%

Reassessment for Exporters not Investigated

739. The Act, at section 14(6), provides for the initiation of a reassessment on the initiative of the Chief Executive or at the request of an interested party who submits evidence justifying the need for a reassessment. The Ministry would not normally carry out a reassessment for at least six months after the completion of an investigation in order to allow sufficient time for the operation of the duties to be properly assessed.

740. However, paragraph 5 of Article 9 of the Agreement provides that authorities shall promptly carry out an accelerated review, for the purpose of establishing individual dumping margins for any exporter or producer of that product in the exporting country who has not exported the product to the importing country during the period of investigation.

741. The Ministry also interprets Article 9.5 to apply to parties who have exported the goods under investigation to New Zealand during the period of investigation, but who were not one of those exporters or producers selected for investigation under paragraph 10 of Article 6 of the Agreement.

Effective Date from which Duties should Apply

742. Section 14(2) of the Act requires that anti-dumping duty shall be collected and paid on the demand of Customs the day after the date the notice of the rate or amount of duty determined is published in the *New Zealand Gazette*. Under section 17 of the Act, the rate or amount determined is payable from either (a) the day after the date of the Minister's final determination on the investigation, or (b) a specified day after this date.

743. The timing of the imposition of anti-dumping duties was initially raised by an importer after the release of the EFC report who queried whether any duties would apply to 2008 diaries or only to diaries imported for the 2009 diary season. As a result of this query the Ministry wrote to interested parties and invited submissions on this issue.

Summary of Submissions

744. Several parties submitted that any duties should only apply to diaries covering 2009 and onwards, i.e. they should not apply to 2008 diaries. An importer, Incentives 2, noted that diaries are sold in the first half of the year, delivered in October and November and are paid for in December. Incentives 2 has submitted that changing the goal posts half way through this process through the duties applying from the day after the date of the Minister's final determination would severely impact on its business as it would not be possible to pass on the duty to its customers. Incentives 2 considered that if a duty was to be imposed it should be imposed for all diaries dated 2009 onwards, commencing in about January 2008.

745. Another importer, NGT, has commented that every importer will now [September] be taking delivery of product and said as it has firm prices locked in with its customers and resellers in New Zealand it would be virtually impossible for it to pass on the cost of any duty. NGT submitted that any duties should therefore only apply from after the completion of the 2008 diary season, i.e. from 31 January 2008 onwards. NGT said this would be fair to all suppliers who can then budget for any increase in landed cost for the 2009 season, which will begin in February 2008 with pre-selling.

746. Corporate Express, which is also an importer, has submitted that in fairness to the diary industry, any duties should only apply to imports from 1 January 2008.

747. Neither Croxley nor any of the other New Zealand manufacturers made submissions on this issue.

Ministry's Consideration of the Issues

748. The Act allows the Minister to impose anti-dumping duties that take effect from the day after the date the Minister makes a final determination that dumping has caused injury to a New Zealand industry and this is the date from which duties would normally apply. At the same time the Act specifically provides for the Minister to impose duties from a specified date after the final determination and therefore contemplates that in some circumstances it is appropriate for the imposition of duties to be postponed for a period.

749. Diaries are a highly seasonal product. An analysis of the pattern of imports over the POI shows that imports peaked in the August to October period with the greatest volumes arriving in October. When imports from all countries are considered, 88 percent of all imports over the POI had arrived by the end of October, with 37 percent of all imports occurring in October. Imports from China and Malaysia over the POI followed a similar pattern with 91 percent of imports arriving by the end of October and 44 percent being imported in October. Approximately half of all imports had arrived by the end of September.

750. It is likely that the Minister will make a final determination on this investigation in early October and if duties were to apply from the day after the date of the final determination, then they would potentially apply to a little less than half of the imports of 2008 diaries.

751. The evidence from NGT is that pre-selling of diaries can begin as early as February for diaries relating to the following year. Incentives 2 advised that its diaries are sold in the first half of the year. Croxley advised during the verification visit that it presents its diary range to customers in February and requires firm orders by May for diaries relating to the following year.

752. There is consequently a significant degree of doubt about whether the immediate imposition of duties would be effective given the evidence that the diaries still to be imported have already been sold at prices that cannot be renegotiated to recover any anti-dumping duty that is paid by importers. This is likely to mean that the imposition of duties will only have a very limited impact on the import of 2008 diaries from China and Malaysia and on the prices at which those diaries sell in the New Zealand market. The immediate imposition of duties therefore runs the risk of being merely punitive on those importers whose diaries arrive in New Zealand after duties are imposed. The Ministry also notes that the New Zealand industry did not make a submission on this issue despite being given an explicit opportunity to do so.

753. The Ministry considers that the likelihood of duties not providing an effective remedy for imports of 2008 diaries provides the most compelling reason for deferring the imposition of duties until the 2009 diary season. While the immediate imposition of duties has the potential to introduce an element of unfairness between companies for the 2008 diary season which import before and after duties are imposed, this potential exists to some degree in all cases where anti-dumping duties are imposed

and would not on its own necessarily provide a reason for deferring the imposition of duties.

754. On balance, the Ministry concludes that anti-dumping duties should be imposed from a date such that only diaries imported for the 2009 diary season are subject to the duty. Based on the evidence from interested parties, the pattern of imports, and the need to ensure that 2009 diaries cannot be imported before the duties take effect, it is proposed that duties be imposed with effect from 1 February 2008.

Impact of Anti-Dumping Duties

755. If duties are imposed with effect from 1 February 2008 they should affect only those diaries imported for the 2009 diary season and onwards. Prices to importers will increase by the percentage rates of duty that are proposed above.

756. The increase in prices to importers means it is possible that consumers will pay a higher price, however it is difficult to gauge the extent of any price increase to consumers as there is competition from imports from other countries. Any increase in prices will mitigate the downward pressure on the New Zealand industry's prices caused by dumped imports from China and Malaysia.

7. Conclusions

757. On the basis of the information available, the Ministry concludes that:

- a. The investigation should be terminated with respect to Hong Kong, Indonesia and Korea because the volume of dumped imports from Indonesia and Korea is negligible and there is no evidence that diaries from Hong Kong are dumped.
- b. diaries from China and Malaysia are being dumped;
- c. material injury to the New Zealand industry has been caused by dumped imports of diaries from China and Malaysia;
- d. anti-dumping duties should be imposed using an *ad valorem* methodology at the weighted-average dumping margin for diaries on an exporter specific basis with effect from 1 February 2008.

8. Recommendations

758. It is recommended on the basis of the information obtained during the course of the investigation into the dumping of diaries from China, Hong Kong, Indonesia, Korea and Malaysia:

1. That the Minister terminate the investigation pursuant to section 11 of the Act in respect of Hong Kong, Indonesia and Korea.
2. That the Minister sign the attached Gazette notice and give notice of the termination of the investigation in respect of Hong Kong, Indonesia and Korea in accordance with section 11(1)(g) of the Act.
3. That the Minister determine pursuant to section 13 of the Act that in relation to the importation or intended importation of diaries from China and Malaysia:
 - a. goods are being dumped; and
 - b. by reason thereof material injury to an industry has been or is being caused.
4. That the Minister, having made a determination under section 13 of the Act, give notice pursuant to section 14(1) of the rate or amount of duty determined under section 14(4) of the Act to be imposed in respect of the diaries from China and Malaysia that are dumped, on the basis set out in Tables 6.14 and 6.15 above, to take effect from 1 February 2008 in terms of section 17(b)(ii) of the Act.
5. That the Minister sign the attached Gazette notice, and give notice of the final determination and imposition of duties in respect of China and Malaysia, to interested parties in accordance with sections 9, 13 and 14 of the Act.

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Investigating Team
Trade Rules and Remedies Group

Appendix One

759. A full copy on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 can be found at:

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

760. A full copy of the Dumping and Countervailing Duties Act can be found at:

http://www.legislation.govt.nz/browse_vw.asp?content-set=pal_statutes