

Ministry of **Economic  
Development**



*M a n a t ū   Ō h a n g a*

# **Non-Confidential Final Report**

## **2005 Review of Anti-Dumping Duties on Plasterboard from the Kingdom of Thailand**

**Dumping and Countervailing Duties Act 1988**

**Dumping Investigation**

Ministry of Economic Development

Trade Remedies Group  
Ministry of Economic Development  
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# Abbreviations

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The following abbreviations are used in this Report:

Act	Dumping and Countervailing Duties Act 1988 (and its subsequent amendments)
Agreement	World Trade Organisation Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994
BML	Building Materials (NZ) Limited
BPB	BPB Thai Gypsum Products Plc.
CFS	Container Freight Station Charge
CIF	Cost, Insurance, Freight
CSM	CementThai
CTL	CementThai Logistics
CTHM	CementThai HomeMarts
Customs	New Zealand Customs Service
Elephant	Elephant Plasterboard New Zealand Limited
FBL	Fletcher Building Limited
FOB	Free on Board
Hong Kong	Special Administrative Region of Hong Kong
kg	kilograms
m	Metres
Lafarge	Lafarge Boral Gypsum Asia
Ministry	Ministry of Economic Development
mm	Millimetre
NIFOB	non-injurious free on board
NIP	Non-injurious price
NZD	New Zealand Dollars
NVE	Normal Value Equivalent
NV(VFD)E	Normal Value (Value for Duty) Equivalent
NZTE	New Zealand Trade and Enterprise
Oanda	<a href="http://www.oanda.com/converter/classic">www.oanda.com/converter/classic</a>

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OECD	Organisation for Economic Co-operation and Development
Siam Cement	Siam Cement Public Co. Ltd
SCT	SGI/SCT Co., Ltd.
SGI	The Siam Gypsum Industry (Saraburi) Co., Ltd.
Thailand	The Kingdom of Thailand
THB	Thai Baht
VAT	Value Added Tax
Winstone	Winstone Wallboards Limited

# 1. Executive Summary

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## Introduction

1. A review of the anti-dumping duties that currently apply against imports of plasterboard from the Kingdom of Thailand (Thailand) was initiated by the Ministry of Economic Development (Ministry) on 26 September 2005. The duties under review have been in place, in various forms, since 1989.

2. The goods under review are described as:

Standard plasterboard of a nominal thickness from, but not including, 6mm and up to, but not including, 12mm, of any width or length.

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

4. This report also considers whether “Superspand”, a type of plasterboard that has not previously been considered as a subject good, is in fact covered by the above goods description. The Investigating Team proposed in the *Interim Report* that Superspand would be covered by the description of goods subject to duties, but following submissions, including one by the New Zealand industry that it does not consider that Superspand is covered by the description of subject goods, the Investigating Team has now excluded Superspand from the Review.

## Dumping

5. Based on information submitted by SCT Co. Ltd (SCT), its exports were found to either not be dumped or have very small dumping margins over the period of review. █ percent of exports by SGI/SCT were found to be dumped with the highest dumping margin being █ percent, expressed as a percentage of the export price.

6. Based on both information previously submitted by BPB Thai Gypsum Plc. Ltd (BPB) and information provided by SCT the Investigating Team has found that none of the exports by BPB, over the period of review, were dumped.

## Injury

7. The domestic industry, Winstone Wallboards Limited, does not claim that it is currently suffering material injury and believes that the current duties have been effective in preventing material injury.

8. No evidence of any current material injury was found.

## Likelihood of Recurrence of Dumping and Injury

9. The Investigating Team has found only very minimal dumping margins and no material injury to the domestic industry over the period of review. Accordingly, the Investigating Team has examined the likelihood of recurrence of dumping and material injury if anti-dumping duties were to be removed.

10. The Investigating Team has concluded, given the previous behaviour of market participants, statements made during the review and the high level of excess capacity that BPB has, that there is a likelihood of dumping recurring for exports by BPB if the anti-dumping duties were removed and that this is likely to cause material injury to the New Zealand industry.

11. The Investigating Team considers that the likelihood of dumping recurring does not exist in respect of exports by SCT to Elephant Plasterboard New Zealand Limited (Elephant). This finding takes into account, amongst other factors, submissions made following the *Interim Report* about the high levels of capacity of SCT's supplier and the previous behaviours of SCT and Elephant.

12. The Investigating Team notes that as it is recommended that anti-dumping duties will remain in place against standard plasterboard from Thailand any application for reassessment or review of the duties would be able to consider exports of SCT to Elephant.

## Duties and Initiation of Reassessment

13. It is recommended that the Chief Executive of the Ministry initiate a reassessment at the same time that this review is completed. The duties section of this report is intended to constitute an interim reassessment report and interested parties have until **1 May 2006** to make submissions upon the proposed duties. All submissions must be accompanied by a non-confidential version at the same time in order to be taken into account in the Ministry's recommendations to the Minister, regarding the appropriate rates that the duties should be reassessed at.

14. The Ministry proposes to reduce the anti-dumping duty to a nil rate in respect of exports by SCT to Elephant given its assessment of the likelihood of a recurrence of dumping and associated material injury resulting from the exports from SCT.

15. It is proposed that the duties relating to all exports, other than from SCT to Elephant, be reassessed at various rates. Indicative levels that the Investigating Team considers the duties should be reassessed to are included in the duties section of this report.

## Conclusions

16. This report concludes that:

- If duties are removed there is a likelihood of dumping recurring and that this would likely cause material injury to the New Zealand industry;
- Duties be reduced to a nil rate in respect of exports from SCT to Elephant; and
- Duties should be reassessed for all other exports, including those by BPB and by SCT to importers other than Elephant.

## 2. Introduction

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### 2.1 Proceedings

17. On 26 August 2005 the Chief Executive of the Ministry of Economic Development (Ministry) received a properly documented application from Winstone Wallboards Limited (Winstone) for a review of anti-dumping duties that currently apply to imports of plasterboard from the Kingdom of Thailand (Thailand).

18. The anti-dumping duties that currently apply to plasterboard imports are the result of two separate cases. The first covers plasterboard from Thailand ranging from 8.75 millimetres (mm) to 10.25mm in thickness. This description results from a number of investigations conducted since 1989 and the duty was reassessed on 19 November 2000. The second is plasterboard from Thailand (Other Sizes) that expanded the range of thickness of plasterboard subject to duties to 6mm to 12mm, which was imposed on 27 September 2000. Both of these duties were reassessed together and new rates were imposed on 4 December 2002. The duties would have expired on 27 September 2005 and 19 November 2005, unless a review had been initiated prior to then. The goods on which duties currently apply are described below:

Standard plasterboard *with dimensions* of a nominal thickness from, but not including 6mm, and up to, but not including 12mm, of any width or length.

19. The Investigating Team proposes to clarify the current goods description as below. It is considered that this will not have any effect on the goods covered by the description and is merely for the purpose of improving the language of the description:

Standard plasterboard of a nominal thickness from, but not including, 6mm and up to, but not including, 12mm, of any width or length.

20. Unless otherwise stated any references to plasterboard, or standard plasterboard, throughout this report are references to plasterboard of the type described above.

21. On 26 September 2005, the Chief Executive of the Ministry initiated a review of the duties currently in place against imports of plasterboard from Thailand, being satisfied, in accordance with sub-section 14(8) of the Dumping and Countervailing Duties Act 1988, and its subsequent amendments, (Act) and Article 11.3 of the World Trade Organisation Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (Agreement) that Winstone, as the domestic industry, had submitted positive evidence justifying the need for a review within a reasonable period of time prior to the impending expiry of the duties.

22. Paragraph 3 of Article 11 of the Agreement sets out the matters to be addressed in a “sunset review”, that is, when the anti-dumping duties are set to expire after five years has passed either since their initial implementation, or the last substantive review:



...Any definitive anti-dumping duty shall be terminated on a date not later than five years from its imposition (or from the date of the most recent review under paragraph 2 if that review has covered both dumping and injury, or under this paragraph), unless the authorities determine, in a review initiated before that date...upon a duly substantiated request made by ...the domestic industry within a reasonable period of time prior to that date, that the expiry of the duty would be likely to lead to continuation or recurrence of dumping and injury [footnote omitted]. The duty may remain in force pending the outcome of such a review.”

## 2.2 Review Details and Exchange Rates

23. The period of review is the year ended 31 August 2005. In tables, column totals may differ from individual figures because of rounding. Unless otherwise stated all annual figures are given for the year ended 30 June.

24. Sub-paragraph 4.1 of Article 2 of the Agreement states:

When the comparison under paragraph 4 requires a conversion of currencies such conversion should be made using the rate of exchange on the date of sale<sup>8</sup>, provided that when a sale of foreign currency on forward markets is directly linked to the export sale involved, the rate of exchange in the forward sale shall be used. Fluctuations in exchange rates shall be ignored and in an investigation the authorities shall allow exporters at least 60 days to have adjusted their export prices to reflect sustained movements in exchange rates during the period of investigation.

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

25. ██████████ ██████████ ██████████ in the review ██████████ in New Zealand Dollars (NZD) and transactions on the Thai domestic market were in Baht (THB). Any currency conversions that were required, have been converted at a specified forward rate, if this was available to the Investigating Team, or alternatively converted at the date of sale using the inter-bank spot rate as displayed on [www.oanda.com/converter/classic](http://www.oanda.com/converter/classic) (Oanda).

## 2.3 Disclosure of Information

26. The Ministry makes available all non-confidential information to any interested party through its public file system. Paragraph 7 of Article 6 of the Agreement states:

In order to verify information provided or to obtain further details, the authorities may carry out investigations in the territory of other Members as required, provided they obtain the agreement of the firms concerned and notify the representatives of the government of the Member in question, and unless that Member objects to the investigation. The procedures described in Annex I shall apply to investigations carried out in the territory of other Members. Subject to the requirement to protect confidential information, the authorities shall make the results of any such investigations available, or shall provide disclosure thereof pursuant to paragraph 9, to the firms to which they pertain and may make such results available to the applicants.

27. The Investigating Team carried out visits with representatives from the following companies in order to verify information or to obtain further details: Winstone, SCT Co. Ltd., (SCT), The Siam Gypsum Industry (Saraburi) Co., Ltd. (SGI), BPB Thai Gypsum Plc. (BPB) and Elephant Plasterboard New Zealand Limited (Elephant) in the course of this review. Copies of the reports prepared following these visits were

provided to the relevant parties for comment and non-confidential versions placed on the public file.

28. The only interested party that the Investigating Team did not meet with was Building Materials (NZ) Limited (BML).

29. Paragraph 8 of Article 6 of the Agreement states:

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

30. Information was requested, but not received, or not received in a timely fashion, or to the extent required, from BPB, BML, Elephant and, to a lesser extent, from SGI and SCT. Winstone also provided only limited detail on certain matters but also provided substantive information in other areas.

31. As the Investigating Team has not received full information from all parties some of the findings in this report are based on the best information available to the Investigating Team. The relevant information relied on is detailed in each section of the report.

32. The *Interim Report* for this review was released in summary to interested parties on 23 February 2006 and later in full on 27 February 2006. Parties were given until 10 March 2006 to comment upon the report. Submissions were received from BPB, Elephant and Winstone. All submissions received in relation to the *Interim Report* have been taken into account and included in the analysis leading to the recommendations in this report. Specific submissions are discussed in the relevant sections below. No submissions on the *Interim Report* were made by BML or SGI/SCT.

## 2.4 Background

33. Anti-dumping duties relating to the importation of plasterboard from Thailand were first imposed in December 1989 and have been the subject of thirteen separate anti-dumping investigative actions since, including reviews and reassessments of the applicable duties.

34. The number of investigative actions taken in respect of the plasterboard duties is relatively high and have canvassed the coverage of goods subject to the duties, the basis for collecting duties, changed import arrangements, and matters arising in the settlement of judicial review proceedings. Significant events are summarised below.

35. The Minister of Commerce first imposed anti-dumping duties on plasterboard (9 or 9.5mm) from Thailand in December 1989 in the form of a specific amount of duty per square metre.

36. Following a reassessment, the mechanism for collecting the anti-dumping duty was changed to a non-injurious free on board (NIFOB) mechanism in April 1991.

37. A review was undertaken in 1995 that concluded the dumped imports threatened “further material injury additional to that found in the original investigation”. The duties were again reassessed in February 1996, at which time the NIFOB was increased.

38. In March 1996 the NIFOB was extended to cover various lengths of 9 or 9.5mm plasterboard. In July the same year the NIFOB was also extended to apply to 10mm plasterboard and an interim reassessment took account of a reduction in the applicable tariff rate (as set out in the Working Tariff of New Zealand) and the NIFOB was increased.

39. A further reassessment in January 1997 took account of changes in the values of the elements of the NIFOB and it was increased again.

40. An application for judicial review of the February 1996 review and reassessment was made by Winstone in August 1997, which was settled out of court and was followed by another reassessment. The reassessment resulted in anti-dumping duties being imposed via a reference price mechanism, allowing the dumping margin (and corresponding duty payable) to be calculated for each shipment. Winstone challenged the Ministry’s conclusions in the reassessment based on its interpretation of the Act. The Crown Law Office confirmed the Ministry’s interpretation of the Act in December 1998.

41. In September 1999, the duties were reassessed and it was apparent that dumping margins had increased significantly, but it was considered that the level of injury could only be reconsidered as part of a review. Accordingly, a review was initiated in September 1999 and completed in March 2000. The review concluded that the continued imposition of anti-dumping duties was necessary to prevent a recurrence of injury to the New Zealand industry and a reassessment was initiated in April 2000, following an application by Winstone regarding increased normal values in Thailand.

42. The Ministry also initiated on 5 April 2000 an investigation into the alleged dumping of standard plasterboard outside the (then) current subject goods description and in September 2000, the goods subject to duty were extended accordingly upon the basis of a threat of material injury to “standard plasterboard with dimensions of a nominal thickness from, but not including 6mm, and up to, but not including 12mm, of any width or length”.

43. The two differing duties were reassessed together and new rates were effective from 4 December 2002.

## **Grounds for the Application**

44. As stated above, the application for this review was based on the imminent expiry of the anti-dumping duties. Winstone does not claim that it has been suffering any material injury due to the importation of plasterboard from Thailand over the period of review and stated that the anti-dumping duties have been effective to this end.

## 2.5 Interested Parties

### New Zealand Industry

45. The application was submitted by Winstone, which is a wholly owned subsidiary of Fletcher Building Limited (FBL). Throughout the history of the anti-dumping duties on plasterboard from Thailand, Winstone has been the sole manufacturer of plasterboard in New Zealand.

46. The Investigating Team has not discovered, nor been presented with, any information during the course of this review that suggests Winstone is no longer the sole New Zealand producer of plasterboard.

### Manufacturers and Exporters

47. Two companies were identified as being manufacturers of the subject goods exported to New Zealand. Those companies are SGI and BPB. BPB exports directly to New Zealand and SGI exports to New Zealand via its related company, SCT.

48. SGI is part of the Siam Cement Public Co. Ltd (Siam Cement) group of companies, and manufactures plasterboard for both the Thai domestic market and for export under the "Elephant" brand. SGI is now 71 percent owned by Lafarge Boral Gypsum Asia (Lafarge). It has headquarters in Bangkok and production facilities in Saraburi.

49. SCT is the export arm of the Siam Cement group of companies and handles the group's international trading and marketing for a wide range of products, including plasterboard. SCT does not conduct any sales in the Thai domestic market.

50. SGI and SCT provided some information and co-operated with the Investigating Team in relation to the review. For the remainder of this report, where relevant, both companies are, at their request, referred to as SGI/SCT.

51. BPB manufactures for the Thai domestic market and exports plasterboard to a number of countries. BPB has been part of the BPB global group since December 1999. Its headquarters are in Bangkok and it has production facilities elsewhere in Thailand. BPB plasterboard is marketed under the "BPB" brand.

52. BPB has provided very limited information to the Investigating Team in relation to this review.

53. The New Zealand Customs Service (Customs) data also showed a third exporter over the period of review, [REDACTED]. There was a single shipment by this exporter. No contact with the exporter was made. Exports by this company are discussed further at paragraph 57.

### Importers

54. Since the initial imposition of duties in 1989 to the present review, there have primarily been two or three individuals that have owned and operated various legal

entities involved in the importation of plasterboard from Thailand and its consequent sale in the New Zealand market. Currently there are two companies importing plasterboard on an ongoing basis from Thailand, one from each Thai manufacturer.

55. The first is Elephant that involves the continuation of business previously conducted by Sigma Agencies Limited and Rikki Merchants Limited. Elephant purchases plasterboard from SGI/SCT.

56. The second company importing plasterboard from Thailand is BML. BML involves the continuation of business previously conducted as CTS Quality Building Products Limited. BML imports plasterboard from BPB.

57. The Customs data also showed a third importer over the period of review, [REDACTED]. The Customs data showed only one importation by [REDACTED] over the period of review for an amount of [REDACTED] square metres, being a very small amount, only slightly above 0 percent of the total imports from Thailand over the period of review. Due to the size of the importation, that only a single shipment has been imported and the information supplied by the importer, namely that it was a one off shipment and no ongoing importations would be made; the Investigating Team has not included this importer or the corresponding exporter in the review.

### **Elephant**

58. The business structure of the entities that preceded Elephant have previously been the subject of much debate in previous reviews and reassessments. The business structure of Elephant has not been a topic of any significance in the present review. Elephant is the sole distributor of SGI/SCT manufactured plasterboard in New Zealand. Elephant currently sells plasterboard to distributors and to end-users and ([REDACTED]) attempts to process all its sales through distributors, including delivered to site sales.

59. During the period of review Elephant purchased directly from, and were invoiced directly by, SGI/SCT in [REDACTED].

60. Limited information and co-operation has been provided by Elephant in respect of this review.

### **BML**

61. BML has provided limited information, by means of a partial questionnaire response, to the Investigating Team and beyond this has not co-operated in respect of this review.

62. BML stated that it sells plasterboard ex-wharf to stockists, ex-store to distributors and thirdly in house lots (processed through its stockist) that are delivered directly to site.

## 2.6 Imported Goods

63. The goods which are the subject of this review are described in paragraph 19. Customs has previously advised that plasterboard imported from Thailand enters New Zealand under tariff item and statistical key 6809.11.00.10D, as shown below.

- 68.09           Articles of plaster or of compositions based on plaster:
- boards, sheets, panels, tiles and similar articles, not ornamented:
- 68.09.11.00   10d   -   -   faced or reinforced with paper or paperboard only

64. The subject goods fall under the same tariff item as all other standard and performance plasterboards imported into New Zealand. Imported plasterboard from Thailand is eligible to enter New Zealand at the preferential 'less developed countries' tariff rate of 5 percent (the Normal tariff rate for imports from non-preferential sources is 6.5 percent).

65. Under the New Zealand Thailand Closer Economic Partnership Agreement the 5 percent preferential rate will remain in place at that level until 2 January 2010, when it will reduce to zero.

66. The plasterboard exported from Thailand is sent directly to New Zealand and does not pass through any third countries.

### Superspand

67. Since the last review by the Ministry, SGI/SCT has begun exporting [REDACTED] quantities of a certain type of plasterboard, Superspand, to New Zealand, which appears to fall within the description of the goods under review.

68. The Investigating Team considered at the time it prepared SGI/SCT's verification report, that the information supplied to it to date did not provide any basis on which to distinguish and exclude Superspand from the goods under review. The Investigating Team directly asked SGI/SCT and Elephant to comment on this.

69. SGI/SCT commented on the issue and Elephant declined to provide any written submission on this issue, but stated verbally that the evidence already in front of the Investigating Team supports the position that Superspand is not standard plasterboard.

70. In SGI/SCT's response to the Ministry's questionnaire it did not include Superspand in the amounts for goods subject to duties exported over the period of review.

71. [REDACTED] of the [REDACTED] lines of Superspand product were dumped over the period of review.

72. In response to the *Interim Report*, Winstone stated that "like SGI" it considers Superspand is a performance plasterboard and therefore not a good subject to the anti-dumping duty. Details of Winstone's submission are addressed in the relevant sections below.

## Physical Characteristics

73. Superspand has a thickness of 10mm, width of 1200mm and is available in a range of lengths; 2.4 metres (m), 2.7m, 3.0m, 3.6m, 4.2m, 4.8m and 6.0m. Standard plasterboard is also available from Elephant in these same sizes, but is also available in an additional two lengths of 3.3m and 3.9m.

74. SGI/SCT stated that the formulation for Superspand was [REDACTED] to that used for standard plasterboard but did not provide any documentation to support this. SGI/SCT also added that it did not consider [REDACTED] formulations enough to distinguish two types of plasterboard, with [REDACTED] of its formulations for all types of plasterboard [REDACTED].

75. SGI/SCT commented that an outcome of the [REDACTED] is that Superspand is [REDACTED] than standard board, but again no evidence was submitted on this, or any attempt made at quantifying this.

76. Winstone stated that Superspand is a fire and sound rated board and contains fibreglass in order to attain fire-rated properties. The Investigating Team does not have any information regarding the existence or levels of fibreglass in the imported standard plasterboard to assess this statement against.

77. Elephant corrected the Investigating Team's statement in the *Interim Report* that Superspand has reddish paper, stating that it has white paper, as does its standard board. The Investigating Team has not sighted either the standard or Superspand boards in sufficient detail and has accepted Elephant's statement on this.

78. The Investigating Team notes that Superspand is [REDACTED] kilograms (kg) per square metre, or [REDACTED] percent heavier than Elephant's standard plasterboard. According to Elephant's price list 10mm Superspand weighs [REDACTED] kg per square metre compared with [REDACTED] kg for the same thickness of standard board. Elephant's 10mm Fireboard performance plasterboard also weighs [REDACTED] kg per square metre. Superspand is also [REDACTED] percent heavier than Winstone's 10mm standard plasterboard at [REDACTED] kg per square metre.

79. The Investigating Team considers that, based on the evidence currently before it and in the absence of any further explanation, there are physical differences between Elephant's Superspand and standard plasterboards but that these alone are not sufficient to distinguish Superspand from the subject goods description.

## Function/Usage

80. Elephant's advertising brochure states that the Superspand product "is designed for use in ceilings". The Investigating Team notes that traditionally 10mm standard plasterboard has been (and continues to be) used in ceilings. Recently there has been a trend towards using thicker 13mm standard plasterboard in ceilings, but this is still a standard board, although not of the type subject to anti-dumping duties, rather than a high performance fire or water rated performance board. However, the

Elephant brochure also states that the Superspand product “can also be used in fire & sound rated systems”.

81. Winstone stated in response to the *Interim Report* that Superspand is recommended for use in ceilings with 600mm centres, being the space between the ceiling batons, rather than 450mm centres Elephant recommends when utilising its 10mm standard plasterboard.

82. Winstone said that Elephant’s published fire and noise control systems incorporate 10mm Superspand. Winstone gave the example “system specification EBT(L)A60 is a double timber frame wall with two layers of Superspand fixed to each frame. With cavity insulation this system offers 60/60/60 FRR and 62 STC.” Winstone stated that Elephant has “...a number of other systems which claim to possess higher performance rating characteristics that incorporate Superspand.”

83. Winstone also commented that Elephant’s Superboard, the name under which the Superspand product is presented in the New Zealand market, competes directly with its 10mm Ultraline product, which Winstone classifies as a performance board.

84. Winstone’s website states that its GIB Ultraline® product has a “special white surface paper [with] a finer, smoother texture, and a special mix of plaster and fibreglass reinforcing in its core. These features make it more solid and rigid than 10mm GIB® standard plasterboard and result in an enhanced finish quality”.

85. The Investigating Team notes that Elephant’s FireBlock fire rated performance plasterboard is described in the Elephant brochure material as having “greater resistance to fire formulated by adding non-combustible fibre to the gypsum and encased with pink glutinous compressed paper to enhance its strength. Manufactured to provide fire resistance rating from ½-4 hours”. This description seems to place Elephant’s FireBlock in direct competition with GIB Ultraline® product and there is no corresponding distinction, as to composition or function, for the Superspand product in Elephant’s marketing material.

86. From the information available to the Investigating Team it appears that Superspand is not sold in the Thai market and that SGI/SCT only sells 12mm and 15mm Firebloc plasterboard in Thailand, as opposed to 9mm for its HeatBloc and MoistBloc products. Elephant also imports 10mm and 13mm Fireboard into New Zealand.

87. The Investigating Team is aware that technical or performance plasterboards can be used in place of standard board in any instance. The circumstances in which Superspand is used also needs to be considered in the context of the increasing use of performance plasterboard in the New Zealand market and the extent to which this may be replacing standard plasterboard.

88. The Investigating Team considers that there appears to be substantive differences in the function and usage of standard plasterboard and the Superspand board.



## Pricing Structures

89. Exports of Superspand from SGI/SCT to Elephant at NZD [REDACTED] per square metre are priced [REDACTED] percent [REDACTED] than the corresponding exports of standard plasterboard at NZD [REDACTED] per square metre.

90. In the New Zealand market Elephant's list price for delivered to site sales within the Auckland sales zone is NZD [REDACTED] per square metre for 10mm standard plasterboard. This is compared to NZD [REDACTED] per square metre for 10mm Superspand for the same type of sale, being [REDACTED] percent [REDACTED]. The price for Elephant's Fireboard is [REDACTED] its price for Superspand.

91. The purchase prices of Superspand and standard plasterboard are [REDACTED] and the difference between the selling prices is [REDACTED] indicates that Superspand and standard plasterboard are not priced to the New Zealand market as being alternate boards.

92. Winstone stated that as Superspand is not sold in the Thai market, which is comprised predominantly of standard plasterboard, it believes that the inclusion of Superspand with its higher price in the goods subject to review would understate the level of dumping calculated by the Investigating Team.

## Marketing

93. SGI/SCT stated that the fact that Superspand was not standard plasterboard and therefore not subject to the anti-dumping duties, is supported by Elephant's marketing of Superspand as a performance board in New Zealand.

94. Elephant's product brochure advertises Superspand as "Super board" and part of its performance/technical board range. The brochure states that Superspand is "a high performance board designed for use in ceilings and that it can also be used in fire and sound rated systems.

## Conclusion on Superspand

95. While Superspand and standard plasterboard are available in the same thickness and identical range of sizes (lengths and width) and can be used in similar circumstances there are also some key differences that mean the two types of plasterboard are distinguishable.

96. These differences include; the use of Superspand in ceiling systems with 600mm centres (as opposed to 450mm for standard plasterboard), it is marketed by Elephant as a higher performance product; Winstone considers that Superspand competes directly with Ultraline one of its performance plasterboards, the price in the New Zealand market is [REDACTED] than that of standard plasterboard, it has a [REDACTED] composition to the standard plasterboard and significantly SGI, Elephant and Winstone all consider that it is not a like good to standard plasterboard.

97. The Investigating Team has given considerable weight to the fact that Winstone, as the domestic industry, does not consider Superspand is covered by the

description of goods subject to the duty and that Winstone's standard plasterboard is not a like good to the Superspand product.

98. The Investigating Team considers, on the information now before it, that Superspand is not covered by the subject goods description and therefore has been excluded from the review. The calculations relating to dumping margins and imports of subject goods now differ from those reported in the *Interim Report*, as they exclude imports of Superspand.

## 2.7 New Zealand Industry

### Like Goods

99. In order to establish the existence and extent of the New Zealand industry for the purposes of assessing like goods, section 3 of the Act stipulates that it is necessary to determine whether there are New Zealand producers of goods which are like the subject goods in all respects, and if not, whether there are producers of other goods which have characteristics closely resembling the subject goods. The subject goods are described in paragraph 19.

100. The standard plasterboard imported into New Zealand, which falls within the definition of the board subject to duty, closely resembles 10mm standard plasterboard produced by Winstone. Winstone markets these like goods as its GIB® 10mm standard plasterboard and 10mm GIB Wideline® plasterboard available in several lengths and widths.

101. GIB Wideline® was not manufactured by Winstone at the time the anti-dumping duties against imports from Thailand were first introduced. The development of the New Zealand market has, over time, seen changes in building techniques and corresponding demand. One of these changes has been the expansion of the dimensions of plasterboard used in the New Zealand market. This has occurred in response to greater levels of horizontal installation of plasterboard, as opposed to traditional vertical installation and changing stud heights. Importers have also responded to these changes by importing plasterboard in a wider range of lengths and widths. GIB Wideline® is [REDACTED] as standard plasterboard, with its [REDACTED] being that it is wider at 1350mm than the other standard plasterboard at 1200mm.

102. Changes in manufacturing dimensions, within the nominal thicknesses of 6mm and 12 mm, do not change the essential character of the goods and any dimensions of board within this range would be considered standard plasterboard. Therefore on the basis of the information available, the Investigating Team considers that standard plasterboard produced by Winstone are goods that closely resemble the subject goods and therefore like goods.

### Conclusion

103. Winstone is the New Zealand industry producing like goods. Winstone has constituted the New Zealand industry manufacturing standard plasterboard, and its applications have been supported to the standard defined by sub-section 10(3) of the Act, in all previous investigative actions undertaken.

### 3. Dumping

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104. Section 3(1) of the Act states:

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

#### 3.1 Export Prices

105. Export prices are generally determined in accordance with section 4 of the Act, which appears (in part) below:

- (1) Subject to this section for the purposes of this Act, the export price of any goods imported or intended to be imported into New Zealand which have been purchased by the importer from the exporter shall be-
  - (a) Where the purchase of the goods by the importer was an [arm's] length transaction, the price paid or payable for the goods by the importer other than any part of that price that represents-
    - (i) Costs, charges, and expenses incurred in preparing the goods for shipment to New Zealand that are additional to those costs charges and expenses generally incurred on sales for home consumption; and
    - (ii) Any other costs, charges, and expenses resulting from the exportation of the goods or arising after their shipment from the country of export; ...

In certain circumstances, export prices can be established under section 6 of the Act, which states:

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

#### SGI/SCT

106. Exports to New Zealand by SGI/SCT were made directly to Elephant. SGI/SCT stated that when an order is received from Elephant, SCT sends the purchase order onto SGI. SGI confirms the order and ex-works price of the goods to SCT, which is based on SCT's selling price to Elephant plus [redacted] percent commission. SCT then sends an invoice to Elephant confirming the [redacted].

107. SGI/SCT stated it does [redacted] discounts or rebates on sales to New Zealand, with [redacted] invoice price equalling the net price that Elephant pays. The Investigating Team is satisfied that the sales from SGI/SCT to Elephant were arm's length transactions.

108. There were [redacted] shipments of the subject goods by SGI/SCT to Elephant over the period of review, totalling [redacted] square metres.

109. As stated in paragraph 98 following submissions received in response to the *Interim Report* Superspand has been excluded from the subject goods definition. As a result some export costs have been recalculated, as they were based on a percentage of the weight of a total shipment that initially included Superspand.

### Base Prices

110. Base prices have been taken as the [REDACTED] invoice price to Elephant from SGI/SCT.

111. For the year ended 31 August 2005 these prices ranged from NZD [REDACTED] to [REDACTED] per square metre. These prices were then converted into Thai Baht using the relevant exchange rate as described in paragraph 25.

112. SGI/SCT stated that the date of [REDACTED] Elephant is the date that it considers the material terms and conditions of sale are agreed. Therefore, the date of [REDACTED] the date of sale, as defined by the Agreement.

113. The date of the [REDACTED] is [REDACTED], which is when the goods are [REDACTED].

### Adjustments

114. Adjustments made under section 4 of the Act relating to costs incurred solely because the goods are exported, appear below. The Investigating Team has allowed for the following adjustments based on the information presented by SGI/SCT.

115. SGI/SCT incurs costs relating to exports to New Zealand [REDACTED].

116. SGI/SCT uses Cement Thai Logistics (CTL) for all its logistical requirements for goods that are exported to New Zealand. As CTL is a related company to SGI/SCT, the Investigating Team enquired as to the basis of the invoiced charges.

117. SGI/SCT stated that all of CTL's [REDACTED] and SGI/SCT [REDACTED] these charges with [REDACTED] costs. The provision of logistic services to SGI/SCT is contestable and SGI/SCT stated that CTL's prices are competitive [REDACTED] rates available in the market.

118. SGI/SCT provided a service purchase order to CTL dated [REDACTED] 2005 that matched a shipment to Elephant [REDACTED] as shown on the order. There was one item on the order that related to non-subject goods and this has been excluded from the amounts upon which the adjustments were calculated. The service purchase orders from SGI/SCT confirm the details of the shipment to be delivered to the wharf and the cost of each service CTL provides to that point, including some costs per 20 foot container and others per metric tonne. The actual adjustments made are detailed in the following paragraphs.

119. The Investigating Team discussed with SGI/SCT the use of the [REDACTED] charges [REDACTED]. SGI/SCT commented that the costs for a 20 foot

container [REDACTED]. Elephant is the [REDACTED] but they [REDACTED] 20 foot container.

### ***Inland Freight***

120. From the service purchase order [REDACTED] inland freight was charged at THB [REDACTED] per metric tonne. Although the current arrangements are different to those in 2002 this is an increase from THB [REDACTED] verified at that time.

121. The Investigating Team has apportioned inland freight to each shipment on the basis of the percentage of the total shipment weight that standard plasterboard accounted for. This amount was then divided by the number of square metres of standard plasterboard in each shipment.

122. An adjustment ranging from THB [REDACTED] to [REDACTED] per square metre has been made for each shipment.

### ***Terminal Handling Charge***

123. The service purchase order [REDACTED] included a terminal handling charge of THB [REDACTED] for a 20 foot container. Although the current arrangements are different to those in 2002 this is an increase from THB [REDACTED] verified at that time. The 2005 order showed a quantity of [REDACTED] containers, with a total sum of THB [REDACTED]. However, the number of containers for each shipment was not provided to the Investigating Team, so the adjustment for all shipments has been based on the proportion of the total shipment accounted for by standard plasterboard as displayed in service purchase order [REDACTED].

124. An adjustment for the terminal handling charge of THB [REDACTED] per square metre has been made to all shipments.

### ***Container Freight Station Charge***

125. A Container Freight Station Charge (CFS) was listed on the service purchase order [REDACTED]. This charge is a gate charge for rendering documents of THB [REDACTED] for a 20 foot container. The order showed a quantity of [REDACTED] containers, with a total sum of THB [REDACTED]. However, the number of containers for each shipment was not provided to the Investigating Team, so the adjustment for all shipments has been based on the proportion of the total shipment accounted for by standard plasterboard as displayed in service purchase order [REDACTED].

126. An adjustment for the CFS Charge of THB [REDACTED] per square metre has been made to all shipments.

### ***Packing***

127. There was also a small charge called "other charge" which SGI/SCT stated was related to packing. Service purchase order [REDACTED] showed this other charge at THB [REDACTED] for the entire shipment.

128. The adjustment for packing has been based on the proportion of the total shipment accounted for by standard plasterboard divided by the number of square metres of standard plasterboard in each shipment.

129. An adjustment ranging from THB [REDACTED] to [REDACTED] per square metre has been made for each shipment.

130. During the last reassessment there was much more detailed evidence submitted on export packaging costs including an adjustment allowed for [REDACTED]. The Investigating Team asked SGI/SCT to comment on the nature of the export packaging. SGI/SCT stated that the plasterboard is packed [REDACTED] market apart from the amount that is specified in the above service purchase order.

### **Credit**

131. SGI/SCT said that the credit terms it extends to Elephant are shown on each invoice. Most invoices to Elephant for the year ended 31 August 2005 show credit terms as [REDACTED] with the exception of [REDACTED] that were [REDACTED]. SGI/SCT stated that [REDACTED] effectively means it extends credit to Elephant for [REDACTED] the goods.

132. SGI/SCT initially stated that it did not have a policy of [REDACTED] via the use of [REDACTED] and [REDACTED] to Elephant to calculate any exchange rate conversion. However, when the Investigating Team asked for sight evidence of payment for sales to Elephant it was noted that [REDACTED] the total payments were converted into THB using [REDACTED] exchange rate. SGI/SCT then commented that [REDACTED] its sales to Elephant [REDACTED] exchange rates.

133. SGI/SCT provided copies of two credit advices for payments from Elephant from its bank, the [REDACTED]. The term of credit for both invoices was [REDACTED].

134. The exchange rates for [REDACTED] for which the Investigating Team has details of have been used for the [REDACTED] invoices to which those [REDACTED] relate. [REDACTED] of the currency conversions for the date of sale are made on the date of the invoice using the oanda rate, as outlined in paragraph 25.

135. The first credit advice was dated [REDACTED] 2004 and related to invoice [REDACTED] of [REDACTED] 2004 with an invoice total of [REDACTED]. Of this total [REDACTED] was converted at the [REDACTED] exchange rate of [REDACTED], as specified in [REDACTED] and the remainder of [REDACTED] was converted at the [REDACTED]. The credit extended for this shipment is [REDACTED] days, being the number of days from [REDACTED] 2004 to [REDACTED] 2004.

136. The second credit advice was dated [REDACTED] 2005 and related to invoice [REDACTED] of [REDACTED] 2005, with an invoice total of [REDACTED]. Of this total Elephant paid [REDACTED]. The Investigating Team was unable to ascertain why the payment was for [REDACTED], or [REDACTED] percent [REDACTED] than the total invoice. The amount paid was converted at the [REDACTED] exchange rate of [REDACTED] as specified in [REDACTED]. The credit extended for this shipment is [REDACTED] days, being the number of days from [REDACTED] 2005 to [REDACTED] 2005.

137. Subsequent to the verification visit another two copies of credit advice documentation was provided to the Investigating Team. These also illustrated the use of [REDACTED] exchange rates and the specific rate of [REDACTED] [REDACTED] has been applied when converting the amount for the relevant invoice.

138. Short term borrowing rates from the Bank of Thailand's website ([www.bot.or.th/bothomepage/databank/FinMarkets/InterestRate/swap2005.xls](http://www.bot.or.th/bothomepage/databank/FinMarkets/InterestRate/swap2005.xls)) as at 1 March 2005 were also provided by SGI/SCT. It was agreed that the most appropriate rate to use in determining the cost of credit was the [REDACTED] month rate of [REDACTED] percent per annum. A similar 6 monthly rate of [REDACTED] percent was used in the most recent reassessment.

139. The cost of credit has therefore been calculated using [REDACTED] days credit extended at the rate of [REDACTED] percent for the remaining invoices for which no credit advice was provided. This equates to a credit adjustment of [REDACTED] percent of the value of these shipments. This resulted in adjustments between THB [REDACTED] and [REDACTED].

### **Overseas Freight**

140. The overseas freight is paid separately [REDACTED]; therefore no adjustment for this amount needs to be made.

### **Bill of Lading**

141. SGI/SCT contracts [REDACTED] to prepare its bills of lading. SGI/SCT provided an invoice in its response to the Investigating Team's questionnaire showing the bill of lading fee for a shipment on the vessel [REDACTED], which it stated was for an export sale to Elephant. Although there was no corresponding reference to Elephant or an order number on this invoice that links the sale to Elephant, the named vessel is one that also appears on invoices to Elephant.

142. The bill of lading charge is a set fee of THB [REDACTED] per shipment. The Investigating Team notes that this is the same amount as was allowed for this cost during the 2002 reassessment carried out by the Ministry.

143. The Bill of Lading fee has been apportioned on the basis of the weight of standard plasterboard compared with the total weight of each shipment. This has resulted in an adjustment ranging from THB [REDACTED] to [REDACTED] per square metre.

### Customs Clearance Fee

144. A customs clearance fee was listed on the [REDACTED] service purchase order. This fee was [REDACTED] per container with [REDACTED] containers giving a sum of THB [REDACTED].

145. The number of containers in each shipment was not available, so an adjustment has been based on the percentage that the weight of standard plasterboard represented of the total shipment as displayed in service purchase order [REDACTED] and applied this amount to all other shipments, as no alternative basis for allocating this charge exists.

146. An adjustment for the customs clearance fee of THB [REDACTED] per square metre has been made to all shipments.

### Other Adjustments

147. In comparing the adjustments that were made to the export price to arrive at the current dumping margin and that arrived at in the last reassessment the Investigating Team notes that a Consultancy Fee was charged under the previous import arrangements and business structure. The Investigating Team is satisfied that no such adjustment is necessary in the present review.

### Export Price Calculation

148. The export prices have been calculated by deducting from the base prices the adjustments outlined above. Export prices for the year ended 31 August 2005 ranged from THB [REDACTED] to [REDACTED]. Table 3.1 shows export price calculation.

**Table 3.1: SGI/SCT Export Prices**

Export Price Calculation		Amount (THB)
Base Prices		[REDACTED] to [REDACTED]
Less	Inland Freight	[REDACTED] to [REDACTED]
	Terminal Handling Charge	[REDACTED]
	Container Freight Station	[REDACTED]
	Packing	[REDACTED] to [REDACTED]
	Cost of credit	[REDACTED] to [REDACTED]
	Bill of lading	[REDACTED] to [REDACTED]
	Customs clearance fees	[REDACTED]
Export Prices		[REDACTED] to [REDACTED]



## BPB

149. BPB sells plasterboard to one New Zealand importer, BML, its sole distributor in New Zealand. BPB advised that it has a normal commercial relationship with BML, having no corporate affiliation and that all sales to BML are made at arm's length.

150. BPB supplies BML on a made to order basis from its Laem Chebang plant and exported from the nearby port. BPB stated that upon receipt of an order from New Zealand there is a [REDACTED] to [REDACTED] day lead time before [REDACTED].

151. Over the period of investigation BML was invoiced in [REDACTED], the invoice date being the day the [REDACTED]. A discussion with BPB determined that this is the day that the material terms of sale are established and it is this date from which BPB's credit terms commence.

152. The New Zealand bound product is exported as soon as possible after manufacture [REDACTED]. BPB stated it does not store export stock for any length of time as it is manufactured to order and [REDACTED].

## Base Prices

153. Exports to New Zealand are made on [REDACTED] basis. BPB stated that due to the [REDACTED] of [REDACTED] to New Zealand the [REDACTED] depended on whether BML [REDACTED] first with the [REDACTED] and a [REDACTED].

154. BPB has not provided any copies of invoices for exports to New Zealand over the period of review, nor any written information on the costs involved in exporting plasterboard to New Zealand. Several invoices were provided by BML and BPB did provide some comments on the cost of credit during the verification visit. Base prices were taken as the FOB amounts listed in the Customs data (which matched the amounts shown on the invoices that the Investigating Team had available to it), which were either NZD [REDACTED] or [REDACTED] per square metre. These amounts convert to THB [REDACTED] to [REDACTED].

155. In these circumstances the Investigating Team is, in the absence of all the necessary information from BPB, required to calculate a dumping margin using the best information available. The Investigating Team specifically discussed this point with BPB during its verification visit and pointed out that a consequence could be a duty amount being set that is not released to BPB, as it is based on other parties' confidential information.

156. In assessing which of the data sets in front of it provided the best comparison, the Investigating Team considered the suitability of constructing normal values using information provided by BPB during the last reassessment, information from SGI/SCT and information from Winstone in its application for the review. The Investigating Team considered, of these three options, that the most up to date

information and most likely to be closest to BPB's actual costs was that provided by SGI/SCT. (The exception to this is some of the information relating to cost of credit.) The amounts provided by SGI/SCT have been compared against those from the other two sources, particularly the data provided by BPB in the last reassessment, to test the reasonableness of these amounts being applied to BPB.

## Adjustments

### Cost of Credit

157. Terms of payment for sales to BML are [REDACTED] within [REDACTED] days from [REDACTED].

158. BPB stated that the cost of credit should be calculated from the date of the [REDACTED] as it [REDACTED] export goods as soon as possible after manufacture and this is [REDACTED]. The date of the [REDACTED] can be [REDACTED] to [REDACTED] the date of manufacture, making the total [REDACTED] credit actually is extended up to [REDACTED] days, although BPB indicated that the length of credit actually provided is often longer than this. This is also in comparison to [REDACTED] days credit that was used in the last reassessment for exports by BPB and [REDACTED] days extended by SGI/SCT to Elephant in its export sales.

159. The Investigating Team is not satisfied that the information provided in relation to the length of credit actually extended, that is the time it takes BML to pay, is substantive enough upon which to base any adjustment, as it was not able to sight or verify any documentation in relation to this. Therefore, the Investigating Team has taken the length of credit extended that was verified in the last reassessment of [REDACTED] days.

160. BPB stated that the short term loan rate available in Thailand would reflect the cost of credit extended to all its customers, both export and domestic. BPB thought that the short term borrowing rate would be around [REDACTED] percent.

161. The Investigating Team has found consolidated information from the Bank of Thailand on short term lending rates for all of the commercial banks registered in Thailand [REDACTED] at [http://www.bot.or.th/bothomepage/databank/Financial\\_Institutions/InterestRate/interest\\_e.asp](http://www.bot.or.th/bothomepage/databank/Financial_Institutions/InterestRate/interest_e.asp). The rates available included a minimum overdraft rate, described as "the interest rate at which the lending commercial bank charges its most creditworthy major borrowers on overdrafts" and provided an average for both Thai and foreign owned banks. Given the size of BPB the Investigating Team considers that this would be an appropriate rate to use, with the rates offered by the Thai owned banks being lower than those of the foreign owned banks. The average minimum overdraft rate over the period of review for Thai owned banks was in the region of 6.5 percent. This compares to a rate of [REDACTED] percent per annum used for the SGI/SCT cost of credit adjustment, representing a cost of credit [REDACTED] percent higher than that available to SGI/SCT.

162. Due to the significant difference in the two credit rates, the Investigating Team has used the rate applied in the cost of credit adjustment for SGI/SCT. The length of

credit of [REDACTED] days was applied to the interest rate of [REDACTED] percent per annum, which has been applied to the export FOB price of the goods exported to New Zealand to calculate a cost of credit adjustment.

### **Other Adjustments**

163. The Investigating Team has applied the adjustments established for SGI/SCT outlined above from paragraphs 114 to 147 (excluding cost of credit), that is, for inland freight, terminal handling charges, CFS charge, packing, bill of lading and customs clearance fees to BPB's base prices. Where a range of adjustments have been made to SGI/SCT's base prices the Investigating Team has taken the maximum value of each range and where it is deemed appropriate an adjustment has been based on the figures verified for these costs in 2002 by the Ministry. The adjustments made are outlined below.

### **Inland Freight**

164. SGI/SCT's inland freight was charged at THB [REDACTED] per metric tonne, which was an increase from THB [REDACTED] verified in 2002. This is much higher than the THB [REDACTED] verified for BPB's inland freight cost in 2002, being [REDACTED] percent higher against a corresponding increase for SGI/SCT for the same period of [REDACTED] percent.

165. An adjustment for inland freight of THB [REDACTED] per square metre has been made to all shipments based on the highest adjustment allowed for SGI/SCT in the absence of any other information.

### **Packing**

166. SGI/SCT's export packing charge was THB [REDACTED] per shipment. This cost was not charged on a comparable basis in 2002. In 2002 an export packing charge of THB [REDACTED] per container was verified for BPB, representing an amount [REDACTED] percent higher than the level of the SGI/SCT based charge.

167. An adjustment for export packing of THB [REDACTED] per square metre has been made to all shipments based on the highest adjustment allowed for SGI/SCT in the absence of any other information.

### **SGI/SCT Adjustments**

168. Adjustments were also made to SGI/SCT's base prices for a CFS charge of THB [REDACTED] and a customs clearance fee of THB [REDACTED] both per container. No adjustments were made to BPB's base price for these charges in 2002. However, when comparing the total costs incurred by SGI/SCT in the current review for the CFS charge, customs clearance, inland freight and packing costs of THB [REDACTED] with the amounts verified for BPB for inland freight and packing figures in 2002 of THB [REDACTED], it shows that BPB's 2002 verified costs across these items was only [REDACTED] percent higher than those allowed for SGI/SCT. This indicates that it is the split or the naming of the adjustments that is the real difference between the two companies rather than any true cost differences. The Investigating Team considers the adjustments made for BPB for inland freight and packing costs in the 2002

reassessment encompass the adjustments made for SGI/SCT for CFS charge, customs clearance, inland freight and packing costs.

### **Container Freight Station Charge**

169. An adjustment for the CFS Charge of THB [REDACTED] per square metre has been made to all shipments based on the SGI/SCT cost outlined from paragraph 125.

### **Customs Clearance**

170. An adjustment for the customs clearance fee of THB [REDACTED] per square metre has been made to all shipments based on the SGI/SCT cost outlined from paragraph 144.

### **Terminal Handling Charge**

171. SGI/SCT's terminal handling charge was based on a fee of THB [REDACTED] for a 20 foot container. This is [REDACTED] same as the amount verified for this cost for BPB in 2002.

172. An adjustment for the terminal handling charge of THB [REDACTED] per square metre has been made to all shipments.

### **Bill of Lading**

173. The SGI/SCT adjustment was based on a bill of lading fee of THB [REDACTED] per shipment. This was the same amount verified for SGI/SCT during the 2002 reassessment, which compares against a cost of THB [REDACTED] per shipment at the same time for BPB. The Investigating Team considers the SGI/SCT fee is a fair basis for an adjustment being only [REDACTED] percent lower than the amount verified for this cost for BPB in 2002.

174. An adjustment for the bill of lading charge at the maximum adjustment allowed for SGI/SCT of THB [REDACTED] per square metre has been made to all shipments.

### **Other Charges**

175. In the 2002 reassessment adjustments were also made to BPB's base prices for amounts relating to sea freight, emergency BAF surcharge and overseas insurance. As the Investigating Team has used FOB prices for the base export prices to BML, adjustments for these costs are not required.

### **Export Price Calculation**

176. The export prices have been calculated by deducting from the base prices the adjustments outlined above. Export prices for the year ended 31 August 2005 ranged from THB [REDACTED] to [REDACTED]. Table 3.2 below shows BPB's export price calculation.

**Table 3.2: BPB Export Prices**

Export Price Calculation		Amount (THB)
Base Prices		██████ to ██████
Less	Inland Freight	██████
	Terminal Handling Charge	██████
	Packing	██████
	Cost of credit	██████ to ██████
	Container Freight Station	██████
	Customs clearance fees	██████
	Bill of lading	██████
Export Prices		██████ to ██████

## 3.2 Normal Values

177. Normal values are determined in accordance with section 5 of the Act, which states in part:

- 5 (1) Subject to this section, for the purposes of this Act, the normal value of any goods imported or intended to be imported into New Zealand shall be the price paid for like goods sold in the ordinary course of trade for home consumption in the country of export in sales that are arm's length transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods.
- ...
- (3) Where the normal value of goods imported or intended to be imported into New Zealand is the price paid for like goods, in order to effect a fair comparison for the purposes of this Act, the normal value and the export price shall be compared by the [Chief Executive]–
- At the same level of trade; and
  - In respect of sales made at as nearly as possible the same time; and
  - With due allowances made as appropriate for any differences in terms and conditions of sales, levels of trade, taxation, quantities, and physical characteristics, and any other differences that affect price comparability.

## SGI

178. Following the *Interim Report* Elephant made submissions regarding the selection of a Thai domestic customer that its exports prices were compared to. Elephant's arguments are addressed in the relevant sections below.

179. SGI manufactured product is sold into the Thai domestic market through CementThai (CSM) the Thai domestic distribution company of the Siam Cement group, an equivalent organisation to SCT on the export side.

180. CSM does not physically hold any stock and stock is transferred directly from SGI to domestic customers in much the same way as goods go directly from SGI to the wharf for export sales. SGI stated that it generally has [REDACTED] stock on hand for the Thai domestic market.

181. SGI transfers plasterboard to CSM at [REDACTED] an agreed commission of [REDACTED] percent of CSM's [REDACTED] from which CSM must cover all its costs. SGI invoices CSM monthly and extends [REDACTED] days credit on these sales and CSM invoices SGI monthly for its commission of [REDACTED]. The level of the commission was that verified during the 2002 reassessment.

182. Elephant stated that the Investigating Team was incorrect in stating that CSM and SCT are "equivalent organisations". In support of this Elephant distinguished the nature of the relationship between SGI and CSM and that between SGI and SCT. It stated that CSM is "more or less [an] arm's length distributor, taking substantial margins in the form of commission. By contrast, SCT operates as little more than a freight forwarder, arranging the export documentation and taking a modest commission." As the contents of paragraphs 106 and 181 illustrate Elephant is mistaken in its understanding of the commissions earned by these two entities. In fact from the information available to the Investigating Team it appears that both CSM and SCT act merely as freight forwarders taking [REDACTED] commissions to cover their respective costs. The Investigating Team disagrees with Elephant that functionally CSM and SCT are distinct enough to preclude them occupying the same level of trade.

183. Additionally Elephant stated that the Investigating Team was wrong in assuming that because it purchases from SCT then it must be at a lower level of trade than SCT. The Investigating Team notes that purchasing from an entity at a certain point in the supply chain will normally mean that the purchaser is at a lower level of the supply chain than the seller, but that this does not translate so easily into international sales, even more so when exclusive supply agreements exist. The Investigating Team considers that, while not conclusive, the point of a supply chain occupied by a seller is a relevant consideration in determining the level of trade of the purchaser.

184. CSM sells to wholesalers and retailers. CSM has customers it terms both exclusive and non-exclusive for its entire range of products, including plasterboard. An exclusive customer is one that buys products only from CSM, unless a product is not available when they may purchase from a third party and non-exclusive customers are able to purchase from any source. SGI stated that CSM's exclusive customers have the advantage of being able to use CSM's logo "Elephant" and store design.

### **Base Prices**

185. CSM has a standard price list that is available in the market, from which discounts are deducted. The Investigating Team has not at any time during the course of the present review dealt directly with a CSM representative, dealing instead with SGI/SCT representatives.

186. CementThai HomeMarts (CTHM) franchise operation is CSM's [REDACTED] customer and has hundreds of distributors, with at least one in every province. CTHM are independently operated and SGI stated that they have no related ownership with CSM, although there are some CSM customers with whom CSM has ownership. SGI said that CSM did not have a customer in the domestic market that exactly matched Elephant and the functions it performed in New Zealand, although it does have a few customers purchasing comparable volumes of plasterboard. [REDACTED] had been suggested as the customer upon the Thai domestic market with whom sales prices to Elephant should be compared. [REDACTED] is classified as a code [REDACTED] customer, meaning it is an exclusive customer that must purchase products from CSM and involves sales to both distributors and retail sales to end users.

187. A copy of CSM's top five customers was provided from its sales reports that showed [REDACTED] was its [REDACTED] largest customer and its purchases of standard plasterboard over the year ended 31 August 2005 was the closest in volume to Elephant, being [REDACTED] percent lower than sales to Elephant over the same period. This was compared to [REDACTED] percent higher for the [REDACTED] ranked customer and [REDACTED] percent lower for the [REDACTED] ranked customer. (Although the volume of Superspan has been removed from the dumping investigation and therefore the volume exported to Elephant has been reduced, the customer chosen in the domestic market is still the closest comparable customer to Elephant in terms of sales volume.)

188. Elephant considers that the Investigating Team erred in the *Interim Report* comparing its export prices from SCT to those of a customer of CSM as Elephant regards itself at the same level of trade as CSM. Further, Elephant submitted that the Investigating Team erred in focusing on purchase volumes in assessing level of trade. Elephant pointed to the hierarchy of the paragraphs within sub-section 5(3) of the Act as supporting its interpretation.

189. Elephant stated that the inclusion of the quantities within the due allowances for differences in section 5(3)(c) of the Act precludes the incorporation of an assessment of quantity in determining the "same level of trade" in section 5(3)(a). Elephant argues that the hierarchal structure of the section means that "level of trade" and "quantity" are separate factors to be addressed.

190. The Investigating Team does not agree with the interpretation put forward by Elephant. First, such an interpretation has no regard to the form of sub-section 5(3) of the Act, where matters to be addressed in order to effect a fair comparison (as required by the preface) are listed. Second, the interpretation rendered by Elephant ignores the inclusion of the term "levels of trade" within paragraph (c), in addition to the dedication of paragraph (a) of section 5 to level of trade. The inclusion of both "levels of trade" and "quantities" within paragraph (c) merely indicates that it may not be possible to find sales in the domestic and export markets that are like in every respect and every effort must be made to ensure that a fair comparison is effected. This means that any circumstance that prevents a fair comparison being made, usually through a lack of price comparability, an adjustment must be made when a possible basis for such an adjustment exists. Even though the point in the supply chain and volumes purchased are important in determining the level of trade, using

these factors in determining the level of trade does not prohibit adjustments being made upon these basis in order to effect a fair comparison.

191. For example, take a situation where there is an export customer who is a distributor that sells direct to end users that are construction companies. There are two domestic customers, one of whom sells to end users that are construction companies and the other is a distributor who sells only to retailers. The quantity of sales to the domestic distributor that sells to construction companies is seven times greater than those to the export customer, and this difference in quantities has affected price comparability. The quantity of sales to the domestic distributor that sells to retailers is close to those sold to the export customer and there is no affect on price comparability because of differences in quantities.

192. In this example, the domestic customer that sells to construction companies is considered to be at the same level of trade as the export customer, while the domestic customer that sells to retailers is considered to be at a different level of trade to the export customer because of its different position in the supply chain. Following the scheme of the Act, the domestic customer selected to establish normal values would be the customer selling to construction companies, even though in simple quantity terms the other domestic customer appears to be a more suitable comparison. Having established base normal values on the basis of sales to the domestic customer that sells to construction companies, an adjustment would then be made for differences in quantities.

193. Cognisance must also be had of footnote 7 of paragraph 4 of Article 2 of the Agreement (that the Act is based upon), which specifically states in reference to the types of adjustments that should be made in order to affect a fair comparison between export prices and normal values that “It is understood that some of the above factors may overlap, and authorities shall ensure that they do not duplicate adjustments that have been already made under this provision.”

194. The Investigating Team agrees, as submitted by Elephant, that the function of an entity is important in establishing the relevant level of trade. Elephant states that “it is normal in a dumping investigation to put the importer at the same level of trade as a party purchasing from the factory gate in the country of export. “ It is important to note that due to the information available to the Investigating Team and the integrated nature of the SGI, SCT and CSM operations, the Investigating Team has never, at any time in the past seventeen years since the initial imposition of anti-dumping duties, been able to calculate a pure ex-factory price. In being unable to do so the Investigating Team has been satisfied that the respective sales from SCT and CSM are the first arm’s length sales made of the SGI manufactured product. In this respect, the three companies are viewed as a single entity, in the absence of any satisfactory evidence presented illustrating that the three companies are completely separate and autonomous entities. The Investigating Team is satisfied that the function of [REDACTED] and Elephant are similar enough to be considered at the same level of trade but also acknowledges that there may be some aspects of CSM’s function that Elephant’s operations are similar to, however, this does not preclude a comparison of the price to Elephant with that to [REDACTED].

195. Elephant has argued that as CSM does not hold stock this indicates that Elephant is at a higher level of trade than CSM. The Investigating Team agrees that



stock holding is a cost that can, depending on the circumstances, not be an insignificant one.

196. In assessing the lack of stock holding by CSM as meaning that Elephant is at a higher level of trade, the Investigating Team assumes that Elephant is interpreting the lack of stock holding as meaning CSM's operations are similar to those of an organisation making indent or direct to trade sales. The Investigating Team believes that the lack of any stock holding by CSM, when assessed in combination with the integrated ownership with SGI and the revenue making mechanism for CSM, that is, a set commission, it adds to the inability to distinguish costs between CSM and SGI. Combined these factors indicate that sales to CSM are not arm's length transactions and only constitute a slightly more complex method of a manufacturer selling its goods within the domestic market than a purely in-house sales team. In this context, SGI actually does hold some stock but this is largely irrelevant as the sale's prices to Elephant have been compared to those to [REDACTED]

197. It is important to note, that to the Investigating Team's knowledge, all domestic sales of SGI manufactured plasterboard must be processed through CSM and all export sales of SGI manufactured plasterboard must be processed through SCT. In this respect there is (currently on the basis of arrangements in place during the review period) no potential for Elephant to purchase SGI manufactured plasterboard without that plasterboard being handled by SCT, regardless of which of these two organisations Elephant has the most direct contact with. In addition, both Elephant SGI and SCT talked of SCT and SGI as being essentially the same organisation.

198. In arguing that it is at the same level of trade as CSM, Elephant stated that, like CSM, it only sells to distributors and does not sell directly to end users. The Investigating Team notes from information presented in the last reassessment on CSM's customer codes, which SGI advised were still in operation, customers are grouped by type. The customer codes show that CSM makes sales to a wide range of customers in the Thai domestic market, including manufacturers, other affiliated companies, exclusive and non-exclusive distributors, large contractors, retailers and also "single time" customers. CSM does not consider that its sales to large contractors and one off customers are sales to end users. The Investigating Team does not have any detailed information on the customers that [REDACTED] sells to other than it acts as a distributor and a retailer. The Investigating Team does not consider that if CSM did not sell to large end users that this would alter the above analysis.

199. Elephant has incorrectly interpreted the Investigating Team's determination of level of trade as being solely based upon volume, when the nature of the entity and the point of the supply chain at which it operates were expressly considered in SGI's verification document and also in the *Interim Report*. Based on this misunderstanding Elephant presented examples of potential high volume purchasers in the New Zealand market and stated that this would mean that high volume purchasers would necessarily sit at a higher level of trade, which it automatically assumed would result in a lower dumping margin.

200. Due to the size and nature of the New Zealand market, it would be highly unusual to see a customer a step further towards the end user buying larger volumes than a customer closer to the manufacturing end of the supply chain. This,

however, is not necessarily the case in larger economies when there may be large and smaller purchasers at every level of the supply chain, even more so when there are multiple manufacturers in a domestic market.

201. Elephant's submission that the higher the determined level of trade the less likely a dumping margin will be established is incorrect. The calculation of a dumping margin involves the comparison of prices at the same level of trade and, despite the level of trade established, adjustments are made to bring these prices back to the ex-factory level in order to exclude downstream costs in the calculation of a dumping margin. This is done because dumping is primarily about price discrimination by manufacturers between export and domestic markets and the comparison of prices needs to occur at this level. So, while the establishment of a higher level of trade may mean that fewer adjustments need to be made to reach an ex-factory price, it does not necessarily follow that a positive dumping margin is less likely to be established.

202. Elephant further stated that the information presented by Winstone on prices of Thai exports to third countries indicated that there is no correlation between price and volume. The Investigating Team disagrees that this data can be used to support the statement that there is no correlation between price and volume. Due to the existence of anti-dumping duties in place for exports to New Zealand and the corresponding lack of any such duties in place in those other export markets, it is not possible to look at corresponding volumes and prices and say that there is no correlation between the two, for purchases made by Elephant.

203. In fact statements made by both Elephant and SGI regarding price negotiations indicated that the volume of forecast purchases is a factor affecting the price that is agreed upon. The Investigating Team accepts Elephant's statement that the total purchases by a company may be taken into account when arriving at a price for a customer, rather than just the volume of the subject goods. However, given the restrictions of the Act to assess only subject goods, the other products that Elephant purchases from SCT are primarily performance plasterboards and that standard plasterboard still constitutes the majority of Elephant's purchases from SCT, the Investigating Team does not consider that any huge anomaly would arise from this in the present case. In situations where the subject goods only formed a small portion of the total purchases from the exporting company, or there were extremely large price differentials between the varying products that made up the purchase catalogue, some attempt at making an adjustment would likely be considered, but this would be dependant upon how prices were arrived at including the calculation of any discounts and/or rebates.

204. SGI provided three purchase orders from the period of review made by [REDACTED] to CSM for standard plasterboard. These purchase orders were sourced from CSM's e-ordering system. SGI stated that the three purchase orders provided were representative of the period of review as one was from [REDACTED] 2004 and two from [REDACTED] 2005. The prices displayed on the purchase orders are automatically calculated when the customer selects their desired products and are net of discounts.

205. Base prices have been taken as those shown on the purchase orders for [REDACTED]. The net price shown on the [REDACTED] 2004 invoice was

applied from [REDACTED] 2004 until [REDACTED] 2005 when the net price shown on the [REDACTED] 2005 purchase order was applied for all sales from this date. Base prices were either THB [REDACTED] or THB [REDACTED].

## Adjustments

### *Level of Trade*

206. As [REDACTED] is involved in retail sales and has the associated infrastructure, which Elephant does not, the Investigating Team discussed with SGI whether an adjustment for the level of trade should be made. SGI said that the price CSM sells to a retailer would be different from the price CSM sells to a distributor. Elephant sells to distributors with no retail sales being made. However, while the level of the supply chain at which a company operates has some relevance to the price at which a manufacturer sells goods to it, the quantity of the goods sold often has greater impact upon the price.

207. The Investigating Team discussed a possible basis for such an adjustment with SGI as being the amount of CSM's commission but the Investigating Team considers that making an adjustment on such a basis would over compensate for any difference in level of trade, given the level of the purchase volumes by [REDACTED] and Elephant and when having regard to CSM's costs that have to be covered from its commission. In response to the *Interim Report* Elephant submitted that the preceding comments indicated that the Investigating Team was unwilling to make a level of trade adjustment for the fact that [REDACTED] conducts retail sales. This is incorrect. The Investigating Team was willing to make an adjustment for this partial difference in level of trade, had a suitable basis for such an adjustment been available to it and evidence was presented that illustrated the difference affecting making a fair comparison. The statement above merely indicates that to make an adjustment for level of trade based on the **total** commission earned by CSM would be to make an adjustment in excess of the amount for which it was trying to adjust. Given the similarity of the volumes of purchases made by [REDACTED] and Elephant, the fact that even using the total commission rate would have resulted in a tiny adjustment per square metre and more importantly that no reasonable basis for such an adjustment was proffered by any interested party, no adjustment has been made.

### *Discounts and Rebates*

208. As stated above the prices displayed on [REDACTED] purchase orders are net of discounts. The list price for 9mm 1200mm by 2400mm plasterboard is THB [REDACTED]. When the list price was compared to the net prices shown on the [REDACTED] purchase orders it showed discounts of [REDACTED] to [REDACTED] percent.

209. SGI stated that normally the discounts offered are quite stable and that even the small change introduced towards the end of 2004 was an anomaly. As a result, prices were slightly lower at the beginning of the period of review than they were at the beginning of 2005. SGI stated that there is usually a standard discount rate across each customer group.

210. Given that [REDACTED] CSM's [REDACTED] standard plasterboard customers, the sample of purchase orders provided were from two points over the period of review, SGI's comments and the lack of any further information the Investigating Team considers it reasonable that the prices shown on the three purchase orders are representative of the discounts given to [REDACTED].

211. SGI stated that CSM does not award any rebates as all discounts are included in the net invoice price and takes [REDACTED]. However, the Investigating Team notes that during the 2002 reassessment a [REDACTED] percent rebate was awarded to CSM's exclusive customers. No further adjustment has been made for discounts or rebates beyond the net amount on [REDACTED] purchase orders.

212. In response to the *Interim Report* Winstone submitted that the Investigating Team had erred in not making any deductions from the normal values calculated for discounts and rebates beyond those shown on invoice. Winstone specifically referred to the adjustment made in the 2002 reassessment and noted in paragraph 211. Winstone also referred to the New Zealand Trade and Enterprise (NZTE) report submitted in its application that indicated off-invoice discounts of [REDACTED] to [REDACTED] percent are standard in the Thai domestic market.

213. The Investigating Team requires some form of positive evidence upon which to base adjustments that are made to both the export price and normal value. It was not considered that the information in the NZTE report was sufficient upon which to base an adjustment. However, as canvassed in the verification reports for both SGI and BPB, discussions did occur about the level of discounts in the Thai domestic market. Neither manufacturer provided any information on further off-invoice discounts. As evidence of these discounts would have been in the manufacturer's favour, effectively decreasing the normal value and any corresponding dumping margin, the Investigating Team considers that it was not appropriate to make any adjustment in these circumstances.

### **Cost of Credit**

214. [REDACTED] credit terms are "[REDACTED]". SGI stated that orders are delivered within [REDACTED]. An adjustment for cost of credit for THB [REDACTED] per square metre has been made based on credit costs outlined in paragraph 161.

### **Delivery Costs**

215. Delivery costs are recorded as a separate column on the electronic purchase order and have been excluded from base prices, so no adjustment is required.

### **Taxation**

216. Thailand has a domestic Value Added Tax (VAT) of 7 percent. This tax is recorded as a separate line on the purchase orders and therefore base prices used in the dumping calculations are exclusive of VAT.

217. SGI's company accounts show a [REDACTED] for the year ended 2004 compared to the previous year. SGI stated this was due to 2004 being the first year since the expiry of its Thailand Board of Investment tax exemption. Under the tax exemption SGI had [REDACTED] from the corporate tax rate of 30 percent. The effect of SGI being required to pay corporate tax again affects export and domestic sales equally and no adjustment is required.

### Quantities

218. The quantities of plasterboard sold to both CSM and Elephant have already been outlined in paragraph 187. It is considered that the volumes sold are of a comparable level and that no adjustment for quantities is required.

### Physical Characteristics

219. SGI stated that the only difference in the physical characteristics between the domestic standard 9mm plasterboard and the 10mm plasterboard exported to New Zealand is the difference in the thickness of the board.

220. SGI supplied the costs involved in manufacturing plasterboard for export and domestic sales and the corresponding sales price structure was provided, although the Investigating Team was unable to verify these costs. Subsequent to the verification visit SGI also provided, as requested, a breakdown of the materials for the 9mm plasterboard sold domestically and the 10mm plasterboard exported to New Zealand.

221. The information provided showed that the cost of gypsum in the exported 10mm plasterboard is THB [REDACTED] per square metre higher than the domestic plasterboard and the cost of additives in the 10mm plasterboard is THB [REDACTED] per square metre higher. This gives a physical difference adjustment of THB [REDACTED] per square metre and this amount has been added to the base normal value.

### Warehousing

222. SGI stated that it maintains about [REDACTED] worth of stock on hand to supply the domestic market. Goods exported to Elephant are not warehoused and are shipped out as soon as possible after manufacture.

223. No information was provided on the cost of warehousing upon which to base an adjustment and given the length of time that stock is held any adjustment would likely be minimal. No adjustment for warehousing has been made.

### Normal Value Calculation

224. The normal values have been calculated by making the adjustments outlined above to the base prices. Normal values for the year ended 31 August 2005 ranged from THB [REDACTED] to THB [REDACTED] per square metre. Table 3.3 shows the normal value calculation for SGI.

**Table 3.3: SGI Normal Values**

Normal Value Calculation	Amount (THB)
Base Prices	██████ to ██████
Less: Cost of credit	██████
Plus: Physical characteristics	██████
Normal Values	██████ to ██████

**BPB****Base Prices**

225. BPB supplied invoices relating to two domestic customers ██████ and ██████ for the year ended August 2005. BPB advised that it does not have any ownership in either of these companies and that all sales to them are at arm's length. BPB provided one invoice per month, where available, for each of the two customers for the period of review and also provided similar invoices for the same customers for the year to August 2002 as a comparison.

226. The Investigating Team discussed with BPB the suitability of sales to these customers to establish normal values. BPB stated that it provided invoices relating to these customers as they had been used by the Ministry to establish normal values in the most recent reassessment. The Investigating Team notes that the customers provided were not those used in the 2002 reassessment to establish normal values.

227. The sales volume to BML for all types of plasterboard for the year ended 31 August 2005 was ██████ square metres. The Investigating Team does not have any sales volume data for ██████ or ██████ over the same period against which to assess the suitability of the customers for comparison with BML.

228. BPB stated that both these customers were in the top ██████ customers in terms of standard plasterboard sales volume per annum and that these volumes were well in excess of the volume exported to BML. BPB stated that the top five domestic customers would provide ██████ percent of BPB's total sales volume. BPB also explained that rebates vary according to sales volume, with total sales volume of all types of plasterboard, including performance plasterboards, used to determine rebate levels, thus magnifying the distorting effect of any volume differences for the purpose of export price and normal value comparison.

229. Terms of credit extended to the customers ██████ were ██████ days and ██████ days for ██████. BPB stated the difference in the credit offered to these two customers was due to them being in different "industries" or at differing levels of trade, one being a construction company and the other a retailer. BPB stated that most of its domestic sales are done by way of ██████ days and that credit terms are driven by the market. BPB stated that normally it ██████ and sometimes ██████ and ██████

BPB stated that the domestic short term loan rate would reflect the cost of credit extended to these customers.

230. The Investigating Team explained that prices to these customers may not be suitable to compare with prices to BML due to the differences in the volume of sales and requested that BPB provide invoices relating to a customer that purchased annual volumes of standard plasterboard closer to those purchased by BML. BPB stated that there would be about [redacted] to [redacted] customers that purchased similar volumes of standard plasterboard from BPB to those purchased by BML and that were also distributors. The Investigating Team stated that sales relating to one or more of this group of customers would be more appropriate for the purpose of a price comparison and BPB stated it would consider providing additional information. The Investigating Team did not receive any additional information from BPB.

231. BPB offer a same day delivery service ex-works and the date of order is usually the date shown on the invoice, with some orders made late in the day not dispatched until the next day. The date of dispatch is always the date on the invoice. Sales incur a delivery charge [redacted] that this is [redacted].

232. The Investigating Team considers that it is not appropriate to use prices to the selected customers as a base for normal values, as no details other than invoices have been provided for these customers, including purchase volumes. Therefore the base prices used for BPB are those established for SGI, outlined from paragraph 185, being either THB [redacted] or THB [redacted] per square metre.

## Adjustments

### Discounts and Rebates

233. Rebates and discounts are standard in the Thai domestic market with their size dependent upon market conditions. The BPB invoices provided show the list price and also the discount awarded, expressed as a percentage. For the sample of invoices provided the discounts ranged from [redacted] to [redacted] percent. The comparable sample for the year ending August 2002 showed discounts ranging from [redacted] to [redacted] percent, giving a minimum increase over this period of [redacted] percentage points.

234. BPB provided a schedule illustrating the average net sales value for both customers for the years ended August 2002 and 2005. The schedule gave an average list price, less an average discount awarded, to show an average net invoice value. Then further off-invoice deductions were made, [redacted]. BPB advised that these discounts were volume dependant [redacted] are made at [redacted]. The schedule showed total average [redacted] discounts ranging from [redacted] to [redacted] percent. This resulted in an average net selling price of THB [redacted] for [redacted] and THB [redacted] for [redacted] for the year ended August 2005. The corresponding values for the year ended 2002 were THB [redacted] for [redacted] and THB [redacted] for [redacted].

235. The Investigating Team is satisfied that the discounts shown on the invoices provide a minimum discount awarded but does not have sufficient evidence upon which to match these discount levels against the base prices it is using for BPB.

236. As the SGI base price is net of discounts and within [REDACTED] percent of the average net prices submitted by BPB, no further adjustment has been made for discounts.

237. As outlined at paragraph 212, Winstone submitted in response to the *Interim Report* that additional adjustments should have been made for off-invoice adjustments as supported by the NZTE report it provided to the Ministry. Winstone further submitted that the off-invoice rebates identified of [REDACTED] to [REDACTED] percent should have been made for sales by BPB, as there was no opposing evidence and these discounts were admitted as being in existence by BPB. The Investigating Team considers, for the reasons already canvassed in paragraph 212, that it is not appropriate to make an adjustment for these amounts.

### **Distribution Costs**

238. Delivery costs are itemised separately on BPB's invoices, which show the method of delivery and the charge. BPB did state that its freight costs were [REDACTED] but the Investigating Team has no information on [REDACTED] on which to base an adjustment.

239. No adjustment for distribution costs has been made.

### **Taxation**

240. Invoice prices are shown net of 7 percent VAT, which appears as a separate line item on the invoices.

241. BPB stated that it does not import many inputs and does not receive any duty drawbacks in relation to the export of standard plasterboard.

242. BPB have a Thai Board of Investment exemption from the corporate tax for sales generated from its recent investment in capacity expansion. This means any profit related to sales of plasterboard manufactured on its new second line, which commenced production in November 2005, are exempt from the 30 percent corporate tax rate. Accounting and manufacturing records are used to verify eligibility. BPB stated that the exemption instrument is common with periods of 8, 10 or 15 year exemptions routinely granted and apply to both import duties and corporate tax.

243. The Investigating Team considers it likely that the benefit of this tax exemption would accrue to the company as a whole and any impact on prices would equally affect export prices and normal values, therefore no adjustment is necessary.

### **Physical Characteristics**

244. BPB stated in its submission that it does not sell 10mm plasterboard in the Thai domestic market and that an adjustment should be made to the 9mm prices before any fair comparison can be made.



245. BPB suggested taking the difference between the 9mm and 12mm prices in the Thai domestic market and allocating this as a per mm difference and then adding to the 9mm average price to gain a 10mm average price. The 9mm average price was THB [REDACTED] and the 12mm average price was THB [REDACTED], therefore BPB proposed method THB [REDACTED] should be added to the 9mm price to give a theoretical average 10mm price of THB [REDACTED] per square metre.

246. Given that the amounts listed above for the 9mm and 12mm product were unsubstantiated averages the Investigating Team does not consider that it can use these figures as the basis for any physical difference adjustment that needs to be made.

247. The Investigating Team notes that in the 2002 reassessment, BPB (then Thai Gypsum) [REDACTED] the 10mm board [REDACTED] in 9mm board, [REDACTED] the thickness of the 10mm board. Therefore the Investigating Team has not made any adjustment for differences in the physical characteristics.

### Warehousing

248. The costs of warehousing were considered in the 2002 reassessment, however no adjustment was made. No information was provided by BPB on these costs. No adjustment has been made.

### Cost of Credit

249. For the cost of credit the Investigating Team has used the length of time taken to pay by the domestic customer that was considered most comparable to BML in the 2002 reassessment. This resulted in a length of credit being offered of [REDACTED] days, which is the length of credit that BPB stated is most common for its domestic customers.

250. The Investigating Team has applied [REDACTED] days credit at the rate of credit established for sales by CSM, outlined in paragraph 161, and applied this to the base normal values.

### Normal Value Calculation

251. The normal values have been calculated by deducting from the base prices a single adjustment for the cost of credit. Normal values for the year ended 31 August 2005 ranged from THB [REDACTED] to THB [REDACTED].

**Table 3.4: BPB Normal Values**

Normal Value Calculation	Amount (THB)
Base Prices	[REDACTED] to [REDACTED]
Less Cost of credit	[REDACTED]
Normal Values	[REDACTED] to [REDACTED]

### 3.3 Conclusions Relating to Dumping

252. Dumping margins have been calculated on a transaction-to-transaction basis by comparing export prices and normal values as established above for each export transaction over the period of review. Table 3.5 shows the range of FOB export prices, the range of the normal values, and range of dumping margins calculated for both SGI/SCT and BPB. The dumping margins are expressed as a percentage of the export price.

**Table 3.5: Dumping Margins**

Exporter	Normal Value (THB)	Export Price (THB)	Dumping Margins %
SGI/SCT	██████ to ██████	██████ to ██████	-█████% to █████%
BPB	██████ to ██████	██████ to ██████	-█████% to -█████%

253. SGI/SCT exported █████ shipments to New Zealand over the period of review, equalling █████ line transactions. Only █ percent (by volume) of these were dumped with dumping margins ranging from -█████ to █████ percent, expressed as a percentage of the export price. These figures have been adjusted from the *Interim Report* to take into account the exclusion of exports of Superspand from the subject goods and therefore the dumping calculations.

254. BPB exported █████ shipments to New Zealand over the period of review, equalling █████ line transactions. Based on the calculation of normal values and export prices undertaken by the Investigating Team none of the exports by BPB over the period of review were dumped.

255. Customs data indicates anti-dumping duties have been paid on ██████████ of plasterboard from Thailand since the current duty rate was put in place in 2002. This shipment was imported by ██████████ in ██████████.

256. The Investigating Team concludes there is no evidence of dumping over the period of review that is of sufficient magnitude for the volumes to have caused material injury to Winstone. The assessment of dumping then becomes one of whether dumping is likely to recur if duties were removed, which is addressed in section 5 below.

## 4. Material Injury

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257. The basis for considering material injury is set out in section 8 of the Act:

- 8 (1) In determining for the purposes of this Act whether or not any material injury to an industry has been or is being caused or is threatened...by means of the dumping...of goods imported or intended to be imported into New Zealand from another country, the [Chief Executive] shall examine—
- (a) The volume of imports of the dumped or subsidised goods; and
  - (b) The effect of the dumped or subsidised goods on prices in New Zealand for like goods; and
  - (c) The consequent impact of the dumped or subsidised goods on the relevant New Zealand industry.
- (2) Without limiting the generality of subsection (1) of this section, and without limiting the matters that the [Chief Executive] may consider the [Chief Executive] shall have regard to the following matters:
- (a) The extent to which there has been or is likely to be a significant increase in the volume of dumped... goods either in absolute terms or relative to production or consumption in New Zealand;
  - (b) The extent to which the prices of dumped... goods represent significant price undercutting in relation to prices in New Zealand (at the relevant level of trade) for like goods of New Zealand producers;
  - (c) The extent to which the effect of the dumped...goods is or is likely significantly to depress prices for like goods of New Zealand producers or significantly to prevent price increases for those goods that otherwise would have been likely to have occurred;
  - (d) The economic impact of the dumped...goods on the industry, including-
    - (i) Actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilisation of production capacity; and
    - (ii) Factors affecting domestic prices; and
    - (iii) The magnitude of the margin of dumping; and
    - (iv) Actual and potential effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investments;
  - (e) Factors other than the dumping...goods that have injured, or are injuring the industry, including-
    - (i) The volumes and prices of goods that are not sold at dumped prices...;
    - (ii) Contraction in demand or changes in the patterns of consumption; and
    - (iii) Restrictive trade practices of, and competition between overseas and New Zealand producers; and
    - (iv) Developments in technology; and
    - (v) The export performance and productivity of the New Zealand producers:
  - (f) The nature and extent of importations of dumped...goods by the New Zealand producers of like goods, including the value, quantity, frequency, and purpose of any such importations.

### 4.1 Winstone's Application

258. Winstone is not claiming that it has been injured by any dumped imports of plasterboard from Thailand at present and stated that its application for review is based on the likelihood of dumping and injury recurring.

259. As previously noted, following an application for judicial review by Winstone the Ministry entered into a Settlement Agreement with Winstone in August 1997. While not legally required to do so, the Ministry has regard to the principles set out in the Settlement Agreement when considering injury but does not consider the principles place any additional onus on the Ministry above the requirements of the Act.

## 4.2 Import Volumes

260. Table 4.1 shows import volumes for standard plasterboard for years ending 30 June for the period 2001 to 2005. All figures are in square metres.

261. The import volumes of standard plasterboard from Thailand were taken from the importer's invoices over the period of review and compared with the Customs import data over the same period to calculate the proportion of total plasterboard imports that standard plasterboard represents. This calculated proportion has been applied to total plasterboard import volumes from all sources for each year in Table 4.1 to estimate the import volumes of standard plasterboard.

262. The volume of dumped imports over the period of review was compared with the volume of standard plasterboard imports from Thailand over the same period to calculate the proportion that dumped imports represent of standard plasterboard imports. This proportion has been applied to the volume of standard plasterboard imports from Thailand for each of the years in Table 4.1 below to estimate the volume of dumped imports.

**Table 4.1: Import Volumes (square metres)**

	2001	2002	2003	2004	2005
Dumped Goods					
Non-Dumped					
Total Thailand					
Other Sources					
Total					
Winstone's production					
Total New Zealand Market					
<i>Dumped Goods as % of:</i>					
Winstone's production	%	%	%	%	%
New Zealand Market	%	%	%	%	%

263. Table 4.1 shows that the volume of dumped imports from Thailand has increased in absolute terms by percent over the period from 2001 to 2005. Relative to New Zealand production and consumption dumped imports have fluctuated very slightly over the period, but in 2005 were

than in 2001 in relation to Winstone’s production and [redacted] in relation to the total market. The level of dumped imports is insignificant in relation to both New Zealand production by Winstone and consumption of the market as a whole.

### 4.3 Price Effects

#### Price Depression

264. Price depression occurs when prices are lower than those in a previous period.

265. Table 4.2 illustrates Winstone’s revenue per square metre for standard plasterboard has [redacted] from NZD [redacted] to NZD [redacted] over the period from 2001 to 2005, that is, by [redacted] percent.

**Table 4.2: Price Depression (NZD)**

	2001	2002	2003	2004	2005
Revenue per square metre	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Change in revenue per square metre		[redacted]%	[redacted]%	[redacted]%	[redacted]%

266. In response to the *Interim Report* Winstone stated while there had not been any “significant overall price depression” during the period of review, it has incurred “several instances of price depression” with both BML and Elephant on standard plasterboard.

267. The Investigating Team notes that the average revenue per square metre has [redacted] over the five year period by [redacted] percent and while there may be individual instances of price depression these have either not been significant, or sustained, enough to have affected the average price and for price depression to have occurred.

268. The Investigating Team concludes that there is no evidence of price depression based on Winstone’s net average prices.

#### Price Suppression

269. Price suppression occurs when cost increases have not been recovered in prices. Cost increases not recovered in prices will result in declines in gross profit and EBIT. When offsetting cost savings have been made, the lack of any price increase will not normally be regarded as price suppression.

270. Table 4.3 illustrates Winstone’s EBIT as a percentage of net revenue per square metre, which has [redacted] from [redacted] to [redacted] percent over the period 2001 to 2005.

**Table 4.3: Price Suppression (NZD)**

	2001	2002	2003	2004	2005
Sales Revenue	██████████	██████████	██████████	██████████	██████████
Cost of Goods Sold	██████████	██████████	██████████	██████████	██████████
Selling & Administration Costs	██████████	██████████	██████████	██████████	██████████
EBIT	██████████	██████████	██████████	██████████	██████████
EBIT as % of Sales Revenue	█████%	█████%	█████%	█████%	█████%

271. In response to the *Interim Report* Winstone noted it considers “that price suppression is not limited to when cost increases have occurred. Dumping may suppress prices in other circumstances too, and it is not necessarily appropriate to offset cost savings when determining the key question – namely whether Winstone’s price would be higher in the absence of the dumping.”

272. The Investigating Team considers, given Winstone has not claimed that it has been materially injured by dumped imports due to the current anti-dumping duties being (largely) effective, prices in the New Zealand market in the absence of dumped goods would be very close, if not identical, to the current prices in the market. In addition the lowest average plasterboard import prices in the New Zealand market appear to be those from China at NZD ██████████ per square metre, being ██████████ percent below the lowest import price of Elephant. Even though the quantities of imports from China are not large, these imports would have put downward pressure on the prices of plasterboard in the New Zealand domestic market and therefore the impact of low cost imports must be assessed when considering what is the hypothetical price that Winstone could achieve in the absence of any dumped goods.

273. The Investigating Team concludes that there is no evidence of price suppression.

## Price Undercutting

### Level of Trade

274. When assessing the existence of any price undercutting the Ministry compares prices at the point at which the imported and domestic goods first compete on the New Zealand market. This often results in the comparison of prices at ex-factory and ex-importer’s store, although the Ministry assesses if this is the appropriate level of trade in each case. Comparing prices at this level ensures that the impact of dumping is not distorted by distribution costs but includes relevant selling and administration costs, and profit margin which are also included in the New Zealand manufacturer’s ex-factory price.

275. The Ministry normally considers the first point of competition to be the point at which the potential buyer in the New Zealand market is faced with the economic choice of purchasing either the imported goods or the goods produced in New Zealand.

276. The correct level of trade at which to compare prices for the purpose of assessing the existence, or lack thereof, of price undercutting (and the corresponding use of this in setting duty rates at an amount less than the full margin of dumping) has previously been a highly contentious issue and is specifically referred to in the Settlement Agreement.

277. Winstone stated that it felt it had reached a common understanding with the Ministry on the approach to be taken in determining the relevant level of trade at which to compare its prices with those of the importers for the purpose of assessing price undercutting. When asked by the Investigating Team what it thought this correct level of trade was, Winstone did not identify any particular level of trade but referred to three matters it thought should be considered: whether break bulk sales are offered, the risk associated with stock holding, and the type of customer each importer sells to.

278. In previous cases the Ministry has established, and it has been accepted by all parties, that for the New Zealand industry, its selling price to its distributors is clearly the point of entry at which its product first enters the New Zealand market. This price is taken at the ex-factory level. The Investigating Team considers that this remains the first point at which Winstone's plasterboard enters the New Zealand market and faces competition from imported product.

279. In the 2002 reassessment, the relevant level of trade for Elephant was established as being ex-store and for BML (then CTS Direct Ltd) as ex-wharf.

280. Winstone stated in response to the *Interim Report* that it reserves its position on the correct level of trade for comparing its prices with those of Elephant. A similar statement was not made in relation to BML.

281. The Investigating Team notes that while all interested parties were aware that a reassessment was to follow this review, the extent to which parties can delay taking a position on matters, is limited to those matters that are to be considered in the reassessment. That is, what is the correct level of duty (to remove the likelihood of recurrence of material injury caused by dumping)? The question of the correct level at which to compare prices, is essential in assessing any current material injury or the likelihood of the recurrence of any such material injury and therefore properly a matter for a review rather than a reassessment.

282. Consequently, unless substantial new evidence was presented in a reassessment that was not available during a review, or circumstances had changed significantly, the issue of the correct level of trade at which to make price comparisons, for the purpose of assessing price undercutting, is not a matter for debate in a reassessment, including when considering whether a lesser duty should apply.

### ***Elephant***

283. In the 2002 reassessment the Ministry found that Elephant was selling to distributors/resellers and it had the sole rights to manage the import of SGI/SCT plasterboard into New Zealand. The Investigating Team therefore concluded the first potential purchaser of SGI/SCT plasterboard in the New Zealand market is a

distributor/reseller which cannot purchase directly from SGI/SCT and is therefore faced with the economic choice of purchasing ex-store from Elephant or ex-factory from Winstone. The relevant level of trade for Elephant was at the ex-store level.

284. In the current review Elephant stated that it purchases directly from SGI/SCT (it still has the sole rights to import SGI/SCT plasterboard into New Zealand), [REDACTED] of its sales in New Zealand are on an ex-store basis to distributors, with no indent or retail sales. Elephant also stated that it sells a [REDACTED] board directly [REDACTED] but that it [REDACTED] through its [REDACTED] and does not [REDACTED] in the [REDACTED].

285. While [REDACTED] of Elephant's customers have a [REDACTED] it has [REDACTED] customer [REDACTED] and does not [REDACTED]. The Investigating Team notes that parallels can be drawn to this and a [REDACTED] sale, which all market participants are now offering and this should not automatically be assumed to be an [REDACTED] sale. The Investigating Team further notes that Elephant has sought to [REDACTED] sales [REDACTED] Winstone, something that [REDACTED] and [REDACTED] acknowledge.

286. At the distributor level to which both Winstone and Elephant make all of their substantive sales, the economic choice is to purchase either ex-factory from Winstone or ex-store from Elephant. The Investigating Team therefore concludes that the relevant level of trade for Elephant remains at the ex-store level.

## **NIP and NIFOB**

287. Elephant made a lengthy comment in response to the *Interim Report* on its request for the non-injurious price (NIP) and non-injurious free-on-board price (NIFOB) that currently operate to be made available to it. Elephant argued that it does not want, or aim to, harm Winstone but cannot guarantee not doing so if it does not know what price is non-injurious to Winstone.

288. The Ministry reconsidered the release of the NIP and NIFOB to Elephant when Elephant requested such a release towards the beginning of the present review. Both amounts are confidential because they are based on information that was provided by and is confidential to Winstone. Elephant's submission incorrectly stated that the Ministry has refused to release the NIP because Winstone states it is commercially sensitive (and infers that this classification is without basis).

289. The submission also made arguments around the interpretation of "submitted to" within section 10(7) of the Act. Elephant argued that any amount which the Ministry calculates based on raw data presented to it by any interested parties cannot be deemed to have been "submitted to" it. Following this argument would mean that the export price calculated for exports by SCT to Elephant would be an amount that was calculated from information "submitted to" the Ministry and therefore not being an amount that has been "submitted to" the Ministry, should be released as non-confidential. The result, in the present example, would be that Elephant's purchase price would be released as non-confidential.



290. To interpret “submitted to” in section 10(7) as relating only directly to the information submitted to the Ministry and not extending to any calculations or analysis of that information would defeat the intent of the provision and result in an unjust application of the law. This result would be unfair to all parties involved and would likely leave the Ministry with very limited information upon which to base any conclusions and recommendations. In the absence of submissions from interested parties the Ministry would be left with only the best information available upon which to base its decisions, making the ultimate result more likely to be less accurate than one based on information provided by the relevant interested parties.

291. Elephant stated that releasing the NIP to it would not have a “significant adverse effect” on Winstone, because the release of the NIP would ensure that Elephant’s sales prices did not cause any injury to Winstone. The Ministry believes that the release of the NIP, which was based on [REDACTED] over a certain period, would be of significant competitive advantage to Elephant and would also have to be released to other competitors in the market. This would mean the [REDACTED] participant would be freely available in the market, including to BML and also customers of both Winstone and Elephant. A result of this would be an indication of [REDACTED] of plasterboard, which has the potential to [REDACTED] arrangements that currently operate in the market. These possible effects following the release of the NIP are precisely the reasons that the Investigating Team has agreed not to release both Elephant’s and Winstone’s list prices during the current review and [REDACTED], albeit over a defined historic period, is even more sensitive than list prices. The Investigating Team notes that the provision of this information to Elephant would mean that it would also be released to parties other than Elephant and would have effects beyond Elephant pricing above the NIP.

292. The Investigating Team is satisfied that the information upon which the NIP is based is unquestionably commercially sensitive to Winstone and the tests for withholding commercially sensitive information within section 10(7) of the Act and also section 9(2)(b)(ii) of the Official Information Act 1982 are met. Elephant’s submission also pointed to section 9(2)(ba)(i) of the Official Information Act 1982 as the fall back position if the test for confidentiality within the Act was not met, stating that release would be obliged under that provision. As discussed above, the Investigating Team is satisfied that the test for withholding the NIP is met under section 10(7) of the Act and is also confident that section 9(2)(b)(ii) of the Official Information Act 1982 is met, as may be 9(2)(ba)(i). Resultantly the Investigating Ministry is unable to release the NIP to Elephant.

293. Elephant made similar claims in relation to the release of the NIFOB and even stated in its submission that “the legal basis for disclosing the NIFOB is identical to that for disclosing the NIP”. The Investigating Team agrees, as the NIFOB is based upon the NIP, and therefore the NIFOB also cannot be released.

294. Elephant also has requested that the method by which any new NIP is calculated be disclosed. The Investigating Team will seek to do so in the reassessment that is recommended to be initiated by this document.

## BML

295. In the 2002 reassessment only a very limited amount of information was provided by BML's predecessor entities; either CTS Direct Ltd or several other related companies that were also involved in the import, distribution and sale of plasterboard.

296. The Investigating Team considered that it should treat these various related companies as effectively one entity that was importing and on-selling plasterboard that had the economic choice of purchasing either ex-factory from Winstone or from importing from BPB. The Investigating Team consequently concluded the relevant level of trade was ex-wharf.

297. In a submission for the current review BML identified the following ways in which it distributes and sells plasterboard in New Zealand (but did not provide any information on the proportion of its sales that are sold by each method) and how each arrangement competes with Winstone:

- BML as the importer sells ex-wharf to its stockists. BML said it is not sure what the equivalent point of competition would be for Winstone but presumes it would be ex-factory in 20 tonne lots, if Winstone sell in that manner. BML noted that in Auckland it acts as its own stockist.
- Each of its stockists (including BML in Auckland) sell ex-store to distributors in full pallet lots. BML said this would be the equivalent of Winstone selling to its distributors ex-warehouse.
- Each of its stockists (including BML in Auckland) sell house lots ordered by distributors by delivering either to the distributor's store or direct to site, which Winstone also does.
- Each of the stockists sell direct to major projects or developers where the volumes warrant it and negotiate special prices, and may deliver the product themselves. BML said Winstone handles such projects by negotiating special prices and then delivering through one of its distributors.

298. The Investigating Team is aware that BML operates primarily in the Auckland area, which is the largest part of the New Zealand plasterboard market. BML acts as its own stockist in Auckland and therefore it imports and on-sells primarily to end-users.

299. BML stated that it was the exclusive distributor in New Zealand for BPB plasterboard, which BPB confirmed, although BML stated that there was no written agreement covering this sole distributor relationship. In response to the *Interim Report* BPB stated that a written sole distributor agreement does exist between the two parties, which was put in place in [REDACTED] prior to [REDACTED] the current review. BPB stated that the agreement is [REDACTED] BPB [REDACTED] [REDACTED] companies.

300. Statements made by [REDACTED] during the review indicated that the majority of BML's sales are not done via a distributor and it sells "directly to the trade" and that these sales may be done on an indent basis.

301. The Investigating Team considers that the relevant level of trade for BML is ex-wharf, as the substantive portion of its sales appear to be direct to end-users that are faced with the choice of purchasing ex-store from a Winstone distributor or from BML, either ex-wharf or ex-store.

### Non-Injurious Price

302. Associated with price undercutting is the establishment of a non-injurious price (NIP) being a price at which dumped imports would not be a cause of material injury to the New Zealand industry. A NIP is usually the New Zealand industry unsuppressed selling price and can also form the basis of a remedy at less than the full margin of dumping.

303. Winstone has commented throughout the course of this review that it has not faced price competition from the Thai imports of standard plasterboard. Therefore Winstone's NIP is its actual average selling price net of discounts and rebates.

### Price Undercutting

304. Neither Elephant nor BML provided information on their average net selling prices into the New Zealand market, although Elephant did provide the Investigating Team with its price lists. The level of evidence that the Investigating Team has to assess price undercutting is therefore limited. [REDACTED] Elephant's prices are generally higher than its prices and [REDACTED] evidence of price undercutting given by Winstone during the review was in relation to [REDACTED]. While there may be some isolated incidents of price undercutting, through the use of [REDACTED], as previously noted, Winstone has stated it has not faced price competition from the Thai standard plasterboard.

305. Following the *Interim Report* Winstone clarified its position in relation to price effects, particularly price undercutting. Winstone stated that during the past few years with effective dumping remedies in place, it "had to drop its price on 10mm standard board on a job by job basis to enable a merchant to secure a job against a competitive quote from BML or Elephant."

306. In support of this Winstone provided two invoices, one from, [REDACTED] 2005 and another from [REDACTED] 2006, both being outside of the period of review. The invoices displayed the list price as well as the net on-invoice selling price. Winstone stated that the invoices related to a distributor to which it had to discount its normal selling price to secure the sale, in response to competition from a [REDACTED] quote. No similar information was provided for competition from [REDACTED].

307. The invoices showed discounts of [REDACTED] and [REDACTED] percent. Winstone acknowledged that "this discounting is part of the normal competitive process and it does result in price undercutting..." although also stated "...it is accepted that if the product purchased by [REDACTED] has not been dumped, this injury has not been caused

by dumping.” Winstone stated that “with the current remedies in place such instances with 10mm standard board have not been material to Winstone’s profitability.”

308. The Investigating Team notes that such isolated discounts would put a downward pressure on the average price that Winstone is able to achieve in the market. However, the prices shown on the invoices were net of rebates and discounts and not expressed as an ultimate net price and therefore it is very difficult to assess the real level of the discounts. In addition it is acknowledged by Winstone that these discounts were offered in response to competition from un-dumped goods.

309. On the basis of the information available to it, with no average net selling prices for BML and Elephant, the Investigating Team concludes there is no evidence of price undercutting of Winstone’s standard plasterboard by the subject goods.

## 4.4 Economic Impact

### Output and Sales

310. 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.

311. Winstone has a manufacture to order policy, with [redacted] stock holding, meaning output and sales are fairly evenly matched.

**Table 4.4: Winstone’s Sales Volume and Revenue (NZD)**

	2001	2002	2003	2004	2005
Sales Volume (square metres)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
% Change		[redacted]%	[redacted]%	[redacted]%	[redacted]%
Sales revenue	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
% Change		[redacted]%	[redacted]%	[redacted]%	[redacted]%

312. Table 4.4 shows an increase of [redacted] percent in sales volume over the period 2001 to 2005 and an increase of [redacted] percent for sales revenue over the same period.

313. There is no evidence of injury in sales volume and revenue, although the [redacted] figures do show a [redacted] from the [redacted] levels.

### Market Share

314. If a New Zealand industry choses not to compete on price with dumped imports it will often see a decrease in its market share. Decreases in market share can also appear even when a New Zealand industry competes on price, especially if it has not previously faced any substantive level of competition.

315. Changes in market share must take account of the net change in the market as a whole, in particular there is no “entitlement” to a particular market share by any market participant, including Winstone as local manufacturer. Therefore, 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. Table 4.5 shows the movements in market share, in square metres, over the last five years.

316. In response to the above comments in the *Interim Report*, Winstone stated “the question in each case is whether the change in market share is affected by the dumping, and that a decline in market share even though the market is growing may or may not be caused by the dumping in a particular case.” The Investigating Team considers that in the case of a growing market and declining market share by a domestic industry, regard should also be had to the absolute sales volumes, in addition to the relationship between any participant’s decrease in market share and another’s increase in market share.

**Table 4.5: Market Share (square metres)**

	2001	2002	2003	2004	2005
Winstone	██████████	██████████	██████████	██████████	██████████
Dumped Imports (Thai)	██████████	██████████	██████████	██████████	██████████
Non-dumped imports (Thai)	██████████	██████████	██████████	██████████	██████████
Other Imports	██████████	██████████	██████████	██████████	██████████
Total Market	██████████	██████████	██████████	██████████	██████████
% Market Share:					
Winstone	██████████%	██████████%	██████████%	██████████%	██████████%
Dumped Imports	██████████%	██████████%	██████████%	██████████%	██████████%
Non-Dumped Imports	██████████%	██████████%	██████████%	██████████%	██████████%

317. The New Zealand market has grown by ██████ percent from 2001 to 2005. The scale of the market growth has meant the sales volumes for imports of plasterboard from all sources and that manufactured by Winstone have shown increases in the period from 2001 to 2005, although the total market ████████████████████ by ██████ percent from 2004 to 2005.

318. Table 4.5 shows since 2001 Winstone’s share of the market has ████████████████████ by ██████ percent, the dumped imports market share is ████████████████████ 2001 at ██████ percent although it has ████████████████████ and the percentage of the market share held by un-dumped imports, both those from Thailand and from other sources, has increased by ████████████████████

percent. Therefore the [redacted] in the market share held by [redacted] has been at the [redacted] of [redacted].

319. There is evidence that Winstone has [redacted] percent market share from [redacted] to [redacted]. However, of the [redacted] percent [redacted] experienced by Winstone only [redacted] percent of that was due to [redacted] in the market share held by dumped imports with the majority of [redacted] being due to [redacted] in un-dumped imports, including those from Thailand.

320. There is no evidence that the small volume of dumped imports has materially impacted on Winstone’s share of the New Zealand market.

**Profits**

321. Changes in EBIT 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 dumping. However, given the period of time that the current anti-dumping duties have been in place any comparison to figures from the late 1980’s would not be considered a good comparison point, due to both the time that has elapsed since then and the extent to which the economy has changed in that time.

322. A better indicator for the purpose of this review would be to assess the profit levels following a reassessed rate of duty, as the period following a reassessment would be the one in which the duties should be contemporary enough that no injury is being suffered by the New Zealand industry. One factor to take into account when assessing this is the extent to which any profit levels had to recover from a level where the duties were no longer at a sufficient level to remove any injurious effects to Winstone. Given the complexity of factors that need to be taken into account when analysing what the effects on profits have been, it can often be difficult to assess the drivers of any impacts on profits. While the same holds true for all of the other factors that need to be considered in the assessment of injury, EBIT, being a higher level figure can make the effects more difficult to interpret.

**Table 4.6: Winstone’s EBIT (NZD)**

	2001	2002	2003	2004	2005
Total EBIT	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Sales Volume	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
% Change EBIT		[redacted]%	[redacted]%	[redacted]%	[redacted]%
EBIT per square metre	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
% Change EBIT per square metre		[redacted]%	[redacted]%	[redacted]%	[redacted]%

323. Table 4.6 shows that Winstone's EBIT has [REDACTED] by NZD [REDACTED] million over the period 2001 to 2005, that is, by [REDACTED] percent. EBIT per unit has [REDACTED] by [REDACTED] percent over the same period.

324. There is no evidence that Winstone's profitability has been affected by dumped imports.

## Productivity

325. Productivity is the relationship between the output of goods and the inputs of resources used to produce them. Changes in productivity are affected by output levels and by the level of capacity utilisation. Winstone stated that it considers its productivity is primarily affected by two drivers, firstly the overall demand in the market and secondly its manufacturing process.

326. Currently Winstone budgets on plant uptime of [REDACTED] percent, with downtime including [REDACTED]. Winstone estimated of the [REDACTED] percent downtime, [REDACTED] percent is [REDACTED], [REDACTED] percent and the remaining [REDACTED] percent is [REDACTED].

327. Winstone stated that the Auckland plant is currently achieving [REDACTED] percent [REDACTED] and it estimated [REDACTED] 2005 was between [REDACTED] to [REDACTED].

328. The production schedule is designed to [REDACTED]. Winstone stated that the [REDACTED] ranges from [REDACTED] minutes for the [REDACTED] to [REDACTED] 10mm standard plasterboard.

329. There is no evidence that Winstone's productivity has been negatively impacted by the existence of dumped goods in the market place.

## Return on Investments

330. A decline in return on investments will result from a decline in returns with or without a relative increase in the investment factor being used. Movements in the return on investments affect the ability of the industry to retain and attract investment.

331. Winstone provided its EBIT as a measure of the return on its shareholders funds and also provided its average shareholder funds for the total company. The figures provided for shareholders funds relate to Winstone's total operations, that is, the amount includes shareholders funds employed in the production of performance boards and the small remainder of other plaster and plasterboard systems products that Winstone produces. Therefore, any comparison between the EBIT amounts, which is only that relating to standard plasterboard, against the shareholders funds invested in the manufacture of a wider range of products should be treated as indicative only.

**Table 4.7: Return on Shareholders Funds (NZD)**

	2001	2002	2003	2004	2005
Average shareholders funds (total company)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
EBIT	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
% Return	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%

332. There has been [REDACTED] over the period 2001 to 2005. Due to the differing bases for the EBIT and shareholders funds amounts the Investigating Team does not consider that there is any evidence that the returns on standard plasterboard have been negatively impacted by the existence of dumped goods.

### Utilisation of Production Capacity

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

334. Winstone stated that both its plants operate [REDACTED] except for [REDACTED] for [REDACTED] each [REDACTED].

335. Auckland is currently running [REDACTED] shifts, [REDACTED] hours a day, [REDACTED] days per week, which includes [REDACTED] to [REDACTED] week. The Christchurch plant is running on [REDACTED] shifts, [REDACTED] hours per day, [REDACTED] days per week.

336. Using the current shift structure Winstone believes that its capacity is around [REDACTED] square metres per annum, with [REDACTED] percent of this, or [REDACTED] square metres being available for the manufacture of standard board with the remaining [REDACTED] percent being used for the manufacture of performance plasterboards.

337. Over the 2004/2005 financial year Winstone produced [REDACTED] square metres of plasterboard for sale in the domestic market and a further [REDACTED] square metres for export. This was achieved on the above shift structure and represents a total capacity utilisation rate of [REDACTED] percent for the domestic market.

338. Winstone stated that it does have [REDACTED] its Christchurch plant [REDACTED] square metres per annum, [REDACTED] the [REDACTED] it operates. There is also [REDACTED] but as it is not [REDACTED] the [REDACTED] in [REDACTED] capacity utilisation. Winstone stated that there would [REDACTED] a [REDACTED] in the New Zealand market, at least [REDACTED], for increased [REDACTED] that it believes it [REDACTED]



capacity

339. Winstone stated that it had made a number of improvements since and that as a result of NZD investment plant now the speed it did in . Winstone stated that it was in the plant and produce . It would need an increase of board to the reduce .

**Table 4.8: Utilisation of Production Capacity**

	2001	2002	2003	2004	2005
Standard Board Production					
Total Production Capacity					
% Capacity utilisation	%	%	%	%	%

340. Table 4.8 shows that the percentage of Winstone’s total production capacity that is utilised by standard board production has increased percent over the period 2001 to 2005.

341. There is no evidence that Winstone’s capacity utilisation has been negatively impacted by the existence of dumped imports in the New Zealand market.

**Other Price Effects**

342. Winstone did not raise any other price effects with the Investigating Team and is not claiming that it is currently injured by the dumped imports.

**Magnitude of the Margin of Dumping**

343. The magnitude of the margin of dumping can be a useful indicator of the extent to which injury can be attributed to dumping, particularly in assessing to what extent any injury displayed is due to dumped imports and what portion, if any, is due to other factors.

344. The review has found that the majority of the standard plasterboard imported from Thailand that covered by the subject goods description is entering New Zealand at un-dumped prices. Approximately percent of the total imports of subject goods were dumped. All of the positive dumping margins established were below 1 percent.

## Other Adverse Effects

### Cash Flow

345. Due to the use of the [REDACTED] system, whereby all [REDACTED] cash flow is [REDACTED] Winstone's [REDACTED] cash flow [REDACTED] of this [REDACTED].

346. Winstone stated that it provides positive cash flow [REDACTED] and that its cash flow has not been negatively impacted by the existence of dumped imports.

### Inventories

347. As Winstone manufacture to order its inventory levels are managed by its production process. Winstone has not made any claims of injury in respect of its inventory levels.

### Employment and Wages

348. Winstone did not make any claims that its ability to be an employer or the level of remuneration it is able to provide has been adversely affected. In fact it stated that there have been [REDACTED] wage levels and the number of staff employed over the last five years.

### Growth

349. Winstone does not believe that its growth has been negatively impacted by the existence of dumped imports and in fact stated that its monthly sales of total plasterboard, that is both its standard and performance boards has grown from approximately [REDACTED] square metres per month to approximately [REDACTED] square metres per month.

### Ability to Raise Capital and Investments

350. Winstone stated that its ability to raise capital and investments has not been negatively impacted by the existence of any dumped imports.

351. Winstone stated that its two plants are well established and [REDACTED] upgrades to [REDACTED]. Winstone also provided the Investigating Team with details of [REDACTED] upgrade to its [REDACTED].

352. The Investigating Team has not discovered any negative impact upon Winstone's ability to raise capital and investments due to the existence of imports from Thailand.

## 4.5 Other Causes of Injury

353. The items set out in paragraphs (e) and (f) of sub-section 8(2) of the Act seek to identify any possible alternate cause of any material injury faced by Winstone.

### Non-Dumped Imports

354. Both the level and frequency of non-dumped imports can be a source of potential injury to a domestic industry. As Winstone stated in its application the vast majority of imported plasterboard that enters New Zealand is sourced from Thailand. Other sources of imports include the People’s Republic of China and Australia.

355. Table 4.9 shows imports for the last 5 years broken down by country of origin. The proportion of standard plasterboard has been calculated as explained in paragraph 261.

**Table 4.9: Non-Dumped Imports by Source**

	2001	2002	2003	2004	2005
Thailand	██████████	██████████	██████████	██████████	██████████
Australia	██████████	██████████	██████████	██████████	██████████
China	██████████	██████████	██████████	██████████	██████████
Other	██████████	██████████	██████████	██████████	██████████
Total	██████████	██████████	██████████	██████████	██████████

356. Table 4.9 shows that the majority of standard plasterboard imports originate from Thailand. Countries included in the ‘Other’ category are: New Zealand; Korea; Malaysia; the United States of America; Indonesia and the Special Administrative Region of Hong Kong (Hong Kong).

357. ██████████ that it believed the increasing volumes of imports from both China and Australia were having a detrimental affect on prices in the New Zealand market and that it believed ██████████ market share to imports from these sources. ██████████ advised that Knauf branded plasterboard from China that is being sold on indent and marketed as “advanced plasterboard” directly to builders rather than being processed through merchants, is also affecting the sales of the current market participants.

358. The Investigating Team notes that imports from Australia currently represent ██████████ percent of total non-dumped imports, and imports from China represent ██████████ percent of non-dumped imports. Looking at the total Customs data for the review period, that is, the year ending 31 August 2005, imports from Australia had an average square metre price of NZD ██████████ and those from China NZD ██████████ per square metre. These prices include performance boards and therefore an average price per square metre for standard plasterboard can only be expected to be lower. These prices compare to a price of NZD ██████████ for imports of all types of plasterboard from Thailand over the same period.

359. The Investigating Team considers that while the unit prices of some of the other countries from which imports have originated may be lower than those from Thailand

it is worth noting that the imports of Chinese and Australian product over the period of review accounted for only █ percent of the un-dumped volumes being imported from Thailand. As Winstone are not claiming that they are currently being injured there is no need to assess the impact of these other imports upon the New Zealand market except to note that the primary competition faced by Winstone is from un-dumped imports from Thailand.

## Changes in Demand

360. Submissions made by all parties to the review indicated that there have been some changes to the demand level for plasterboard in the New Zealand market.

361. The change identified was the increasing trend of a greater use of performance plasterboard in construction rather than using standard plasterboard. An example of this that was presented by both Elephant and Winstone, was the use of 13mm plasterboard in residential ceilings when traditionally 9.5mm or 10mm standard plasterboard would have been used.

362. The Investigating Team asked Winstone and Elephant to comment on the impact of their performance plasterboard sales on their respective standard plasterboard sales. Both parties indicated that while their sales of performance plasterboards have increased, so have the sales volume of its standard plasterboards. However, Winstone provided data that indicated █ the absolute volumes of its █ plasterboard sales increased but also the █ total sales █ performance plasterboard has also █.

363. While the market is growing and the total level of standard plasterboard demanded by the market is increasing and Winstone is not claiming that it is suffering injury, the extent to which this change in demand impacts the injury analysis is negligible. However, serious consideration would need to be given in a static or declining market, to the extent to which any decrease in the level of standard plasterboard sold is actually a reflection of a transfer of demand to the performance plasterboards rather than attributable to any dumping that may be occurring or threatened.

## Restrictive Trade Practices

364. Information received during the review indicated that there was competition of an ordinary nature between Winstone, BML and Elephant in the New Zealand market and also between SGI/CSM and BPB in the Thai market.

365. The Investigating Team has not identified, nor has it received any submissions on any restrictive trade practices of or between any of the manufacturers involved in this review, or any other manufacturer.

## Developments in Technology

366. The Investigating Team has not identified, nor has it received any submissions on any recent developments in technology that could be a potential source of injury to Winstone.

367. Most interested parties to this investigation have stated that the manufacture of standard plasterboard is in fact a very simple manufacturing process that has been largely unaltered for many years.

### **Imports by the Industry**

368. Winstone stated that it has not imported any standard plasterboard over the period of review and that the only imports it has made have been of items that are not considered subject goods, [REDACTED]. There are no imports of standard plasterboard by Winstone recorded in the Customs import data over the period of review.

## **4.6 Conclusions Relating to Injury**

369. The Investigating Team has not found any evidence that Winstone is currently being injured, which is consistent with Winstone's own statements. The assessment of injury then becomes one of whether injury would be likely to reoccur if duties were removed, which is addressed in section 5 below.

## 5. Likelihood of Recurrence of Dumping and Material Injury

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370. Paragraph 3 of Article 11 of the Agreement states that "...any definitive anti-dumping duty shall be terminated...unless the authorities determine... that the expiry of the duty would be likely to lead to continuation or recurrence of dumping and injury..." In essence this is the central question to any review carried out on existing anti-dumping duties.

371. The Investigating Team, having regard to the Act, Agreement and associated jurisprudence, interprets 'likely' as being more probable than not within the foreseeable future.

372. The Investigating Team requested all parties to the investigation to comment on the likelihood of the continuation or recurrence of dumping causing material injury. The information received in response to the Investigating Team's request was less than optimal. No substantive responses were provided, leaving the information presented by Winstone in its application for a review the most detailed submission on the matter. Most parties that made submissions following the *Interim Report* did discuss the issue of likelihood to some extent but the submissions in this area still could not be described as substantial.

373. The factors that the Investigating Team has considered in assessing the likelihood of the recurrence of dumping and corresponding material injury are set out below. The Investigating Team has concluded in this respect:

- • There is a likelihood of a recurrence of dumping by BPB in the foreseeable future having cognisance of its large excess capacity levels. Given the past pricing behaviours of BML in the New Zealand market this dumping is likely to be a cause of material injury to Winstone; and
- • A recurrence of dumping by SGI/SCT is not likely in the foreseeable future. This finding incorporates additional information presented following the *Interim Report* regarding capacity. Key factors in reaching this decision are the [REDACTED] to New Zealand and the recent pricing behaviours and conduct of Elephant in the New Zealand market, which indicate that material injury to the domestic industry from that source is not likely.

### 5.1 Dumping

374. The duties that currently apply to imports of plasterboard from Thailand are imposed via a reference price mechanism meaning goods that are imported at, or above, the specified normal value equivalents (equivalent to the price in Thailand), or a price which is non-injurious to the New Zealand industry, are not liable for any anti-dumping duty.

375. The methods (and corresponding amounts) used to currently apply anti-dumping duties on plasterboard from Thailand are listed below.

376. For exports by SGI/SCT to Elephant the duty is the lower of a NIFOB of NZD [REDACTED] per square metre, or a normal value (value for duty equivalent) NVE THB [REDACTED].

377. For all exports by BPB the duty is a NVE of THB [REDACTED] per square metre.

378. For exports by SGI/SCT to importers, other than Elephant, and by any other exporters from Thailand (other than BPB) the anti-dumping duty is currently set by way of a NVE of THB [REDACTED].

379. A consequence of imposing anti-dumping duties via a reference price mechanism is that exporters often price above this level and no anti-dumping duties are collected. However, the Ministry does not view the non-collection of anti-dumping duties as an indication that dumping will not necessarily recur or continue when reference price mechanisms are used to impose duties.

380. Winstone stated that the historical behaviour of both the importers and the exporters in relation to the pricing of exports to New Zealand indicated that dumping was likely to recur in the future if anti-dumping duties were removed.

381. In assessing the likelihood of dumped exports to New Zealand the Investigating Team has considered Thai exports to other markets, the capacity of the manufacturers involved in this review, the Thai domestic market situation and current and likely future exports to New Zealand.

382. In response to the *Interim Report* BPB stated that it was “surprised that there can be considered any notion of dumping when the price differential is so enormous”. BPB referred to dumping being “in the simplest of cases, one identifies dumping by comparing prices in two markets” it then referred to the price of standard plasterboard in Thailand being around a third of the price in New Zealand.

383. The Investigating Team notes that dumping is price discrimination by manufacturers to purchasers dependent upon whether they are domestic or export customers. As required by the Act and the Agreement there are many requirements that are listed in ensuring that a fair comparison is made. The Investigating Team is satisfied that it has adhered to and upheld the requirements of both the Act and the Agreement in calculating dumping margins in the present review. Additionally a “simple” comparison of the price paid by an end user in Thailand and that paid by an end user in New Zealand is not an accepted method of determining a dumping margin.

## **Exports to Other Markets**

384. Exports from Thailand to third countries without anti-dumping duties applying can be useful in estimating the price at which exports to New Zealand would occur in the absence of anti-dumping duties.

385. Winstone’s application provided analysis of Thai plasterboard exports to Thailand’s top ten export markets, by volume, for 2004 (calendar year) from data extracted from official Thai statistics. From this Winstone calculated an average ex-factory price, using estimated amounts for the listed adjustments made to the base

export prices by the Ministry in the 2002 reassessment. The figures provided captured a range of plasterboard wider than that covered by the anti-dumping duties currently in place and included higher value performance plasterboards, as is the case with the equivalent data available in New Zealand, because both types of plasterboard are covered by the same tariff item and statistical key.

386. The application surmised that as the majority of exports would be comprised of standard plasterboard of the type covered by the anti-dumping duties, it was appropriate to consider the figures representative. Information collected in the review indicates that this is a reasonable assumption, in the absence of more detailed information, as [REDACTED] indicated that standard plasterboard [REDACTED] for a greater proportion of their business than performance or technical boards do.

387. The prices to other export markets calculated by Winstone were between 46 and 61 percent lower than the export price to New Zealand and the average export price to the top ten Thai export markets was 53 percent lower than the export price to New Zealand. Of the countries listed New Zealand had the highest calculated export price.

388. Countries in the top ten were (listed in order of highest volume of exports to least): Vietnam; United Arab Emirates; Singapore; Taiwan Province of China, Malaysia, Philippines, Brunei Darussalam, Hong Kong, New Zealand and India. All of these had a lower calculated FOB than that derived for exports to New Zealand.

389. New Zealand was ninth by volume of the top ten export markets listed. The two closest other export markets, in terms of volume, were Hong Kong and India. The volume of plasterboard sold to Hong Kong represented 103 percent of that sold to New Zealand, with an average price that was 39 percent of the average export price to New Zealand. Volumes sold to India represented 88 percent of those exported to New Zealand, with an average price equalling 45 percent of the price of exports to New Zealand.

390. One factor that would impact the comparability of the prices to these export markets is the proportion of total exports that is occupied by performance boards and the percentage occupied by standard board. [REDACTED] to this review have stated that the New Zealand market is [REDACTED] performance boards, [REDACTED] the amount of standard sold [REDACTED] exceeds the amount of performance boards sold. Winstone has estimated that the New Zealand market is [REDACTED] percent standard plasterboard and [REDACTED] percent performance plasterboards. The Thai manufacturers have also stated that the Thai domestic market still strongly favours standard plasterboard over the performance boards. Given the pricing structure that has been adopted for plasterboard, that is, performance boards are generally more expensive than standard boards, the ratio of volumes between the two boards will affect the average FOB price that Winstone has calculated. The exports from [REDACTED] are an exception to this general rule with its performance board prices being [REDACTED] its standard plasterboard.

391. Export prices to Australia, often the most comparable market to New Zealand, were not included in the analysis of export prices in the application, although they



were included in the raw data provided. SGI/SCT also exports to Australia to a company called Elephant Plasterboard Australia Limited, which has related shareholding with the New Zealand importer Elephant.

392. The volume of exports from Thailand to Australia was the eleventh highest of all the Thai export markets. Exports to Australia had an average price of THB6.54 per square metre. The volume exported to Australia was 16 percent lower than that to New Zealand with an average price only 18 percent lower than that to New Zealand.

393. Using the Organisation for Economic Co-operation and Development (OECD) ranking of the economies listed as the top ten export markets for Thailand, as found at <http://www.doingbusiness.org/ExploreEconomies/EconomyCharacteristics.aspx>, the Investigating Team has assessed the suitability of these economies for comparison.

394. The Investigating Team considers the economy of the domestic market into which the exports enter is one of the factors that impacts the exports prices. Both BPB and SGI/SCT indicated that in establishing export prices they consider the state of the domestic market and what price it considers the market can bear.

395. Vietnam, Malaysia, Philippines, and India all represent lower income categories than New Zealand, substantively higher population bases and (with the exception of Vietnam) much larger informal economies. Taiwan has a much larger population base and Hong Kong a much larger gross national income per capita.

396. Of the ten listed countries Singapore is probably the most comparable to New Zealand, with the United Arab Emirates being the next most similar economy. Both of these countries have population similar size to New Zealand, similar levels of development and Singapore has a similar sized informal economy. The United Arab Emirates was ranked second and Singapore third of the top ten export markets by volume.

397. The volume of plasterboard sold to Singapore represented 448 percent of the volume sold to New Zealand, with an average price that was 44 percent of that to New Zealand. Volumes sold to the United Arab Emirates represented 562 percent of the volume exported to New Zealand, with an average price equalling 53 percent of the price of exports to New Zealand.

398. Vietnam was identified by both BPB and SGI/SCT as a high volume export market, with 100 to 150 percent annual growth and is currently Thailand's largest export market.

399. The Investigating Team also considers the prices of sales to these other export markets have the ability to "adjust" to changes in the market more than exports to New Zealand subject to anti-dumping duties do. Therefore, given the decrease in the normal values in Thailand a lower export price may reflect an ability of the export price to follow market forces in the absence of anti-dumping duties.

## Exports to Other Markets Conclusion

400. There is no question that New Zealand had the highest calculated export price of the ten countries listed and that it currently offers good returns to the Thai manufacturers. However, of the countries presented for analysis by Winstone the two most comparable export markets, in terms of the domestic economies of those countries, were purchasing volumes at least 4.4 times greater than New Zealand. This makes any substantive comparison of the export prices, which are approximately half the level of those to New Zealand, difficult- beyond stating that a drop in export price, of a substantive degree, could be expected in the absence of duties.

401. Using the imports from the next closest country in price (of the top ten markets), India, would mean a 55 percent reduction in price for exports to New Zealand. However, for the reasons given above, the Investigating Team does not believe this is the most comparable market. The Investigating Team considers that the exports to Australia the most appropriate comparison, in terms of indicative pricing levels in the absence of anti-dumping duties. If exports to New Zealand were to drop to the price of current Thai exports to Australia, this would result in an 18 percent reduction of the current average export price.

402. The evidence presented on constructed export prices to countries other than New Zealand indicates that the Thai exporters appear to be achieving a premium price on their sales to New Zealand. This can be directly attributed to the anti-dumping duties, which being set via reference price mechanisms, effectively set a minimum import price. In the absence of these duties it is foreseeable that dumping could recur, but if prices reduced to those of exports to Australia (an 18 percent reduction in price), based upon current export price and normal value calculations, this would not result in dumping in all instances.

403. In response to statements in paragraph 402 in the *Interim Report*, Winstone commented that assuming in the absence of duties that prices would reduce to those for exports to Australia does not take into account the different regulatory framework in Australia. The Investigating Team asked Winstone to state what it considered the differences in regulatory frameworks between Australia and New Zealand were that would affect manufacture, pricing, use, or sale of plasterboard.

404. Winstone responded that the higher prices in Australia, relative to Thailand's other export markets, likely reflects "the constraint imposed by the prospect of anti-dumping duties and the approach of the Australian authorities to dumped imports." The Investigating Team does not consider that the reasoning submitted by Winstone amounts to a differing regulatory environment between Australia and New Zealand, nor does it consider that it renders the Australian price higher than the one that the New Zealand price would likely settle at, in the absence of any anti-dumping duties.

405. Winstone also noted that while it may be appropriate to take into account prices to Australia, the prices of exports to other countries provided should not be ignored.

## Capacity

406. The capacity utilisation rate of a foreign manufacturer is important in anti-dumping, as the likelihood of dumping, especially of commodity or low value-added products, such as plasterboard, is increased when there is a low variable cost per unit of manufacture and the increase in units manufactured helps lower the fixed costs per unit. As the variable input costs into a square metre of plasterboard are relatively low it is more cost efficient for a manufacturer to increase plant throughput and spread the fixed overheads across a greater amount of plasterboard. This enables a manufacturer to achieve greater economies of scale and charge a lower price per square metre. It also means that sales volume rather than price is the key factor in driving production volumes.

407. Winstone stated that as BPB and SGI are both part of large multi-national groups they have the ability to rapidly increase the volume of exports at any time given their size and the resources available to them. Winstone submitted as part of its application a report from NZTE on the current state of the Thai domestic market for plasterboard.

408. The NZTE report provided evidence of a 25 percent increase in capacity by BPB, the largest Thai plasterboard manufacturer. BPB now has a total capacity of approximately 1.45 times the size of the Thai domestic market for plasterboard, at 80 million square metres per annum. The report estimates that BPB has approximately 40 percent, approximately 28 million square metres, of the Thai domestic market, which leaves its excess capacity at around 52 million square metres per annum.

409. BPB confirmed to the Investigating Team that the introduction of a second rolling line at its factory in late 2005 has provided it with a large amount of excess capacity. BPB stated its capacity expansion was designed to help meet future Thai domestic demand, although it confirmed that it will seek to export this excess capacity in the short to mid term.

410. BML stated that BPB is the largest plasterboard manufacturer in the world and has substantial excess capacity and it would be pointless to argue otherwise.

411. The NZTE report stated that SGI had also increased its capacity. However, SGI/SCT stated to the Investigating Team that it does not have excess capacity with its output closely matching its total capacity of [REDACTED] million square metres per annum utilising a [REDACTED] hour a day [REDACTED] days per week shift structure. This capacity level does not include the capacity of SGI's related companies, as they do not export to New Zealand. SGI stated that beyond [REDACTED] it is not planning to [REDACTED] its capacity.

412. SGI believes that it currently has enough capacity to serve the Thai market and stated that if it invests in extra capacity in the future, it is likely to be intended to serve its [REDACTED] and may be [REDACTED], rather than [REDACTED].

413. The Investigating Team notes that the expansion in capacity attributed to SGI in the NZTE report appears to be across the three plasterboard manufacturing

companies that are owned by Lafarge and the Siam Cement group, including the plant based in Songkhla, rather than just the Saraburi plant that exports to Elephant.

414. Winstone also provided articles from *The Nation*, a Thai news source, which described the Thai market as being in a situation of excess capacity. The marketing manager for SGI was quoted in one of the articles as not being concerned about excess output because of its ability to export surplus product. However, the supporting news article specifically stated that exports would be to “the Middle East, India and Vietnam”. This supports statements made to the Investigating Team by SGI/SCT.

415. Winstone submits that any excess capacity used to produce product destined for export from Thailand will in the first instance be directed towards New Zealand given the higher export prices that are achieved relative to other Thai export markets. However, Winstone has also relied on the anti-dumping duties to explain the high prices in New Zealand and submits that if the duties were removed a corresponding drop in excess price would occur. This would then reduce the attractiveness of the New Zealand market.

416. The Investigating Team notes that New Zealand is currently a high return market for the Thai manufacturers, due to the high domestic prices. However, New Zealand will never have the ability to absorb any significant portion of the board produced from the excess capacity held by BPB due to the size of our market, at approximately [REDACTED] million square metres per annum. Therefore it is likely that, to the extent possible (although there is variation between the exporters), Thai exporters would seek to maintain prices to New Zealand and increase market share but not at the expense of price.

417. Winstone provided substantial comment in response to the *Interim Report* on the capacity that is available to SGI, which it stated should lead the Investigating Team to change its interim conclusion that SGI is unable to increase capacity. In support of this Winstone submitted two Thai news articles, one from the *Bangkok Post* of 17 February 2006 and the other from *The Nation* of 16 February 2006. BPB also provided the article from the *Bangkok Post* with its submission to the *Interim Report*. The content of both of these articles is supported by a news item that was posted on 20 February 2006 on SGI’s website at <http://www.siamgypsum.com/en/NewsDetail.asp?newsid=0000000046>.

418. Winstone submitted that SGI constitutes one company with three plants throughout Thailand and that SGI is able to source plasterboard from any of the three plants. Winstone referred to statements by SGI’s Managing Director that it had increased its capacity by 23 million square metres through the reopening of its Navanakorn plant as reported in the news articles provided.

419. The Investigating Team was aware of, and referred to, in the SGI verification report, the existence of the Songkhla factory to which the news articles attributed a capacity of 22 million square metres. SGI had made statements that the Saraburi and Songkhla factories were separate legal entities. This is supported by the naming of the entities. SGI told the Investigating Team that sales to Elephant were sourced solely from the Saraburi plant, to which the news articles attributed a capacity of 55 million square metres. Beyond this no detailed information on

capacity was provided to the Investigating Team by SGI. The Investigating Team notes that at the time of the 1997 reassessment plasterboard exported to Elephant was manufactured at the Navanakorn plant and the Saraburi plant was relatively new at that time. Evidence in the 1997 reassessment was that the Songkhla plant was also involved in exports, especially to Malaysia, to whose border it is closely located.

420. The Investigating Team was not aware at the time of compiling the *Interim Report* of the planned re-opening of the Navanakorn factory with an additional 23 million square metres capacity. SGI states on its website that the expansion in demand through the reintroduction of the Navanakorn capacity was in response to demand growth in both export and domestic markets. The article also identified that 40 percent of SGI's total production capacity is exported and the remaining 60 percent sold in Thailand. It also states that currently 25 percent of total sales are comprised of other gypsum products and 75 percent are due to sales of plasterboard.

421. The Investigating Team accepts SGI's statement that exports to Elephant are sourced solely from the Saraburi plant but that the Thai domestic market is serviced by the two (and soon to become or recently reintroduced third plant). In this scenario it is possible that SGI would be able to transfer domestic production from the Saraburi plant in order to ensure that there is enough capacity to service exports to Elephant. At this point the SGI Saraburi plant is the only manufacturing company in its group involved in the export of plasterboard to New Zealand.

422. Winstone referred to the statement by SGI's Managing Director that domestic demand was expected to grow by 5 to 7 percent in 2006, while export markets were expected to grow from 44 million up to 56 million square metres and up to 60 million square metres in the future. This growth expectation is down from recent growth rates of around 15 to 20 percent.

423. Winstone pointed out that the *Bangkok Post* article indicated that exports would become a focus for SGI, increasing from 30 million to 40 million square metres in 2006 being a thirty percent increase. However, SGI was also reported as stating that its exports would not exceed 50 million square metres per annum due to increased transportation costs and the increase in the number of manufacturing plants in other countries

424. Winstone submitted that the information shows that SGI has the ability to increase its production and that it intends to direct much of this capacity to its export markets, particularly given the downturn in the Thai domestic market.

425. Winstone stated that any incremental increase in production is at the marginal cost of labour and materials as all overheads have already been incurred. Winstone then stated that the premium price is supplemented by the additional margin derived from the marginal cost of production and therefore SGI can increase its volume to New Zealand, drop its price and make a greater overall return than it would in any other market. The Investigating Team notes that while overhead costs such as depreciation and other capital cost recoveries may not necessarily be incurred with the re-opening of an existing plant, there are other overhead costs that would still be incurred such as management expenses and non-direct inputs. Additionally the *Bangkok Post* article indicated that a further investment of 2 million baht was

required to reopen the Navanakorn plant. The same article also indicated that SGI believed the reintroduction of this capacity would serve demand for the next four years.

426. BPB submitted that SGI has sales volumes of around 100 million square metres greater than BPB in the Thai domestic market. From this BPB calculates that SGI will have more than 100 million square metres of export capacity than BPB, based on a BPB capacity of 100 million square metres and a combined SGI capacity of 100 million square metres.

427. BPB pointed to the statements made in the *Bangkok Post* article that SGI intends to increase its exports to 40 million square metres in 2006 and increase this further to 50 million square metres thereafter. BPB stated that the target export levels indicated by SGI are “materially higher” than BPB’s own expectations.

### Capacity Conclusion

428. BPB has recently introduced very large amounts of excess capacity that it is intending to export. It has specifically identified that it will seek to export excess capacity in the short to mid term. While, as noted above, New Zealand would not be able to absorb any significant proportion of this excess capacity, given the returns BPB currently enjoys on sales to New Zealand because of the existence of anti-dumping duties, it is likely that some of this excess capacity would be exported to New Zealand.

429. While the *Interim Report* concluded that SGI appears to be operating at full capacity this did not take into consideration the re-introduction of the Navanakorn plant, with a reported capacity of 23 million square metres, which has or is about to start production.

430. The Investigating Team considers that it is unarguable that SGI has huge capacity but there is less information about the extent to which this capacity is utilised, although it appears likely that some level of excess capacity exists, that relative to the New Zealand market, would not be insubstantial. Of importance here is the intent of SGI around its exports to New Zealand in regard to both price and volume, which are discussed later in this report. There are several factors that have led the Investigating Team to maintain the conclusion reached in the *Interim Report* in regard to SGI’s capacity:

- Domestically product is unlikely to be transferred between the regions served by the Songkhla and Saraburi plants, or the plants themselves, due to the distance between them, as one is located in Bangkok and the other in Southern Thailand. Evidence presented to the Investigating Team was that this transportation would be at a prohibitive cost. The Investigating Team understands that each of the companies within the wider SGI group manage their own exports and sell in distinct geographical parts of the Thai domestic market. It is likely that the Navanakorn plant will share the same geographical domestic market as the Saraburi plant.
- The evidence that has been presented regarding the re-introduction of the Navanakorn plant indicates that there is not substantial excess capacity at the

Saraburi and Songkhla plants at present. If the capacity utilisation rates for these two plants were low, it would not make commercial sense to introduce further capacity, which has an associated (small) set up cost.

431. It is clear that both of the Thai manufacturers have capacity well in excess of the Thai market and the New Zealand market also, with SGI's Saraburi plant reputed to be the largest plasterboard manufacturing site in Asia. It is clear from the levels of exports shown in the Thai export statistics and statements from both manufacturers that exports form a substantial part of their respective businesses. Both SGI and Elephant have stated that they wish to maintain their current prices to New Zealand. Both of these companies believe that the ability of the 'Elephant' brand to increase its volume of sales in the New Zealand market is seriously constrained by the strength of the GIB® brand in the New Zealand market and as a consequence wish instead to maintain the prices that they current enjoy.

## Thai Domestic Market

### Growth

432. The Thai domestic market is relevant in assessing the likelihood of future dumping for two reasons. First is that price in Thailand sets the base normal values, against which export prices are compared to establish any dumping margins. Second, the state of the Thai market has an effect on the extent to which any excess capacity will be exported or consumed by domestic demand growth.

433. The Thai domestic market was estimated at approximately 55 million square metres per annum in 2004, with BPB estimating a further 15 percent growth in 2005 and at least [REDACTED] percent in 2006. Therefore, the Thai domestic market is now somewhere in the region of [REDACTED] million square metres per annum.

434. Winstone submitted in its application that the current and medium term demand for plasterboard in Thailand is not strong. This is in contrast with statements made by both BPB and SGI that recent growth had been in excess of 20 percent and while they both expected this to decline, they still considered strong growth, in excess of [REDACTED] percent, to continue.

435. SGI stated it expects that the market will expand along with the programme of government infrastructure investment expansion particularly in the greater Bangkok region and improving tourism services. SGI stated that the planning and tendering of these large infrastructure projects is well underway and construction is expected to begin in 2007. BPB also made reference to these large government infrastructure projects that it thought would continue to fuel demand in the construction industry.

436. Both manufacturers stated that another source of this growth is that Thailand is beginning to use more plasterboard instead of alternate building products for walls, as historically plasterboard has only been widely used in ceilings. SGI also stated that more technical plasterboards are being sold but that these amounts are [REDACTED].

437. SGI has stated that Thai domestic demand will ease to 5 to 10 percent per annum in 2006 due to declining demand from the residential sector of the market

that accounts for over 70 percent of the total market, which has been affected by rising energy costs and interest rates.

## Prices

438. The Investigating Team has found that the normal values are lower in Thailand than those established at the time of the last review and reassessment in 2002. This has been effected by increasing the amounts of discounts and rebates that have been awarded. The level of these discounts and rebates was [redacted] to the range identified in Winstone's application of [redacted] to [redacted] percent of the base price. The application stated that the prices of plasterboard in Thailand are "...highly volatile, characterised by price instability due to plasterboard from Indonesia, China and Malaysia being sold into Thailand at very low prices."

439. Statements made by a Thai plasterboard distributor in the NZTE report attributed the depressed prices in the Thai domestic market to the [then] [redacted] Thailand. Although statements from other distributors attributed the price decrease to the imported product coming into Thailand, particularly from China, with one distributor stating [redacted] and that Chinese imports had [redacted] percent of the Thai domestic market.

440. In addition, Elephant stated that it believes that the [redacted] in Thailand will [redacted] due to the influence of [redacted] in the Thai domestic market and the level of excess capacity that already exists in Thailand.

441. SGI/SCT and BPB both stated there is not much competition from imported plasterboard in the Thai domestic market, with only small quantities being imported from time to time, predominately from China. Both manufacturers believed that [redacted] and as a consequence [redacted]. The Chinese plasterboard was described as being cheaper than the Thai produced product. SGI admitted that the Chinese imports had temporarily affected domestic prices, although not during the period of review and that prices had improved.

442. The information collected during the period of review did not indicate that discounts [redacted] period of review. However, information from BPB and SGI indicated that the force behind the price decreases in the Thai domestic market is [redacted] rather than competition from imports.

443. However, from the information provided to the Investigating Team it appears that both of the Thai manufacturers have been [redacted] and given the extent of the level of excess capacity that BPB now has there could be expected to be an increase in the level of competition between the two manufacturers as well. Winstone submitted that the



effect of the imports into Thailand would be short lived and that the discount levels ranging from [REDACTED] to [REDACTED] percent would reduce back to historical levels.

444. The Thai manufacturers indicated that the discount levels [REDACTED] and noted that it is common within the Asian region (and elsewhere) for manufacturers to maintain list prices and manage net prices via a variety of discount and rebate measures. [REDACTED] and the [REDACTED] is an [REDACTED].

445. The Investigating Team did not discover anything during the review that supported the statement in Winstone's application that BPB and SGI [REDACTED] in Thailand.

446. In response to the *Interim Report* Winstone provided evidence, which it stated illustrated that normal values in Thailand were set to increase by 5 percent effective March 1 2006. This was supported a quote in *The Nation* article that stated SGI would attempt to increase its prices by at least 5 percent in 2006 to recover increased energy costs and also by an email from a distributor [REDACTED] that was provided to Winstone indicating both BPB and SGI were increasing their prices by 5 percent.

447. Winstone also stated the fact that the Thai Baht has appreciated 3.3 percent against the New Zealand Dollar in the last month also meant that normal values would increase. Given that the Investigating Team understands that both of the Thai exporters source most of their inputs domestically, the Investigating Team does not consider that this exchange rate movement will mean that normal values will increase. What will occur, however, is any export prices in New Zealand dollars will constitute a lower value when converted to Thai baht and export prices will decrease, altering the subsequent dumping margin.

448. In response to the *Interim Report* BPB commented that normal values are "materially lower than in the last review" and did not provide any comment on any price increases.

### **Conclusion on Thai Domestic Market**

449. Both of the Thai manufacturers are forecasting a continued increase in demand, albeit at slower levels than in the recent past. This is accompanied by a strong demand in its neighbouring export markets.

450. From the information gathered during the course of the review there was no evidence of [REDACTED] discount levels that were attributed to imports from Thailand. In fact both manufacturers claimed that the Chinese imports had not affected domestic prices in Thailand.

451. Winstone submitted that a price increase in Thailand had occurred effective 1 March 2006 and the evidence did support some increase being possible. However, the Investigating Team considers that this will be an increase in the list prices rather

than the net prices, although admittedly a flow through to an increase in net prices will be hoped for. Given the extensive level of discounting that occurs in the Thai domestic market, the Investigating Team does not believe that a reported increase of 5 percent would necessarily result in an increase in the normal values.

452. When taking into account the domestic market capacity and competition between the manufacturers, the extent of current discount levels and the strength of the evidence supporting (a very recent) stated price increase the Investigating Team considers that there is little likelihood of normal values increasing substantially from the levels established in this review. This is a matter that could be considered in more detail in the reassessment following this review but any increase in a normal value, without a corresponding increase in the export price, will result in an increased dumping margin.

## Future Exports

453. The Investigating Team asked both manufacturers to comment on their intentions in regard to exports to New Zealand over the next five years.

### SGI/SCT

454. SGI/SCT responded, as a primary

market  
price

455. SGI/SCT still considers standard plasterboard its priority in terms of its total plasterboard exports to New Zealand. It does not believe it is

and stated that it does not  
in the volume of

456. In setting prices for exports to New Zealand SGI/SCT considers , but stated that the selling price the New Zealand market. SGI/SCT stated that it considers that sold in New Zealand for prices lower than that its own , with higher levels of .

457. SGI/SCT stated that it sells standard plasterboard to Elephant at , anti-dumping duty . However, Elephant to maintain its prices at, or above, those of Winstone. Therefore, the pricing of its exports is not dependent upon the existence, or lack of, anti-dumping duties.

458. SGI/SCT commented that it intends to continue

its

New Zealand sales to be impacted over the next [REDACTED]. SGI/SCT stated that, given [REDACTED] in the New Zealand market. SGI/SCT indicated that the [REDACTED] prices.

459. The Investigating Team questioned SGI/SCT as to how it would respond to [REDACTED] to New Zealand and a [REDACTED] in the New Zealand market.

460. SGI/SCT considers that [REDACTED] is its main competitor in the New Zealand market. SGI/SCT considers that [REDACTED] in the New Zealand market, because of [REDACTED] market participant. SGI/SCT stated its intention is to [REDACTED] price and will [REDACTED].

461. SGI/SCT stated that the determination and existence of any likelihood of recurrence of material injury to Winstone is dependant upon [REDACTED] New Zealand. SGI/SCT stated that it is critical to remember, that while [REDACTED], New Zealand remains [REDACTED] prices in the market and the [REDACTED] markets [REDACTED] it.

462. SGI/SCT stated that if it [REDACTED] Elephant that the prices in the New Zealand market had reduced it would [REDACTED]. Further stating that it would respond to any price moves by Winstone [REDACTED] Winstone's price. However, it stated that it wanted to [REDACTED] both SGI/SCT and Elephant [REDACTED] its prices.

463. The Investigating Team asked SGI/SCT to comment on its likely export prices to New Zealand if anti-dumping duties were removed and how similar these would be to the prices that it exports to Elephant Plasterboard Australia Limited. SGI/SCT stated there is a difference between the normal building practices between and number of manufacturers in the New Zealand and Australia markets and due to this there would be no convergence of prices in these two markets even if the anti-dumping duties were removed.

464. The Investigating Team notes that there are three manufacturers in the Australian market, as opposed to a single manufacturer in New Zealand and that this is likely to account for a major part of the price differential between the two markets. This is due to the fact that in New Zealand most of the imported standard plasterboard comes from Thailand and therefore the majority of competition that is faced by Winstone is from prices of goods that were imported from a source that could possibly be subject to anti-dumping duty. This is accompanied with a lack of

substantial levels of imports from any other sources and only one New Zealand manufacturer.

## **BPB**

465. When asked to comment on its export intentions to New Zealand BPB stated that any market where it can increase price and/or volume, or preferably both, would be a growth market for it.

466. However, BPB stated that it did could not foresee any development that would result in a significant increase in the volumes that it currently exports to New Zealand. BPB even went further to state that due to the differing width of product exported to New Zealand (and Australia), that product bound for New Zealand is more difficult to manufacture.

467. In assessing the likelihood of recurrence of dumping and injury BPB pointed out that the Investigating Team should consider that the normal values in Thailand have decreased and that it does not believe that Winstone are currently suffering any injury. The Investigating Team has considered both of these points above.

468. BPB stated that if the anti-dumping duties were removed it would respond to the reactions of the other major participants in the New Zealand market.

469. BPB noted that if duties are removed then it will benefit the New Zealand consumer and stated that while the profit made by Winstone may drop slightly it will not decrease sharply given it is the incumbent market leader and the strength of the GIB® brand in the New Zealand market.

470. BPB said that it believed Winstone was currently operating at full capacity with large margins and that any removal of any duty would cause prices and therefore profits, to drop to more normal levels. BPB classify New Zealand as a sophisticated and mature market and believes, given this, that BPB could at most gain 2 to 3 percent market share with lower prices if duties were removed but it would not be able to gain more than that with price due to the strength of the New Zealand manufacturer. BPB drew a parallel with the Chinese imports into Thailand. Chinese imports entered Thailand at a very low price and quickly gained 4 to 5 percent of the Thai market for plasterboard, which has since reduced. There were some concerns about the quality but the price was significantly lower (approximately 5 to 10 percent below that of the Thai manufacturers). BPB characterise the Thai domestic market as being the opposite of the New Zealand market, unsophisticated and young. BPB stated that if low prices cannot achieve strong market penetration in a growing and unsophisticated market then it cannot see that low prices would be a real market share threat in New Zealand.

471. BPB stated that the method by which local plasterboard manufacturers retain the large proportions of the market, as seen throughout the Asia-Pacific region, is by using specification at the designer/builder/client level to drive demand for the locally produced and familiarly branded product.

472. BPB stated that it is exporting more performance boards to New Zealand than it has previously and stated that this increase is a direct result of an increase in specification demand.

473. In response to the *Interim Report* BPB made a submission regarding future exports to New Zealand stating that “whatever the result of your investigation, we have not intention of exporting material volumes to New Zealand or taking any action to reduce prices.” The Investigating Team notes the import data shows a decrease in the FOB price of BPB’s exports of standard plasterboard to BML, which have dropped from NZD [REDACTED] to approximately NZD [REDACTED] from [REDACTED] 2005. This represents a price decrease of approximately [REDACTED] percent. The Investigating Team has assessed the statements made by BPB in response to the *Interim Report* in view of this price decrease and previous statements made by BPB to the Investigating Team.

### Conclusion on Future Exports

474. SGI/SCT stated that it will [REDACTED] New Zealand [REDACTED]. BPB stated that it will attempt to increase its volumes to New Zealand and is [REDACTED] its current prices.

475. SGI has stated that they want to protect the premium prices they receive in the New Zealand market and increasing the sales volume to any great extent would force prices lower in order to achieve sales. This contrasts with statements made by BPB that it will seek to increase sales to New Zealand and is prepared to decrease prices to do so. Although, in response to the *Interim Report* BPB changed its position and stated that it had no intention of “taking any action to reduce prices”. The Investigating Team is not satisfied that this is necessarily the case.

476. The Investigating Team considers that it is likely both of the manufacturers will attempt to increase their exports to New Zealand and BPB will decrease its export price if necessary to achieve this.

### Current Pricing to New Zealand

477. Assessing the current magnitude of the margin of dumping and current prices can assist in helping to assess what the future price may be.

#### SGI/SCT

478. From the information provided by Elephant and SGI/SCT the Investigating Team has calculated dumping margins for exports to Elephant ranging from - [REDACTED] percent to [REDACTED] percent, that is, no dumping at a substantive level is occurring by SGI/SCT.

#### BPB

479. From the information provided by BML, BPB and SGI/SCT the Investigating Team has calculated dumping margins for exports to BML ranging from - [REDACTED] percent to - [REDACTED] percent, that is, no dumping is occurring by BPB.

## Conclusion on Current Prices

480. BPB has been found to be exporting at un-dumped prices over the period of review but this was based on constructed normal values and export prices. SGI/SCT was found to have made exports at prices that were not, or only very marginally, dumped.

481. Given the existence of reference price duties currently in place the Investigating Team does not consider that the current prices can be meaningfully used as a base point for forecast prices. Most of the current export prices are sufficiently above the reference prices that a reduction in the export price level may still not result in the goods being dumped.

## 5.2 Injury

482. Injury is primarily driven by two forms of competition, prices and sales volume. The effects that are felt on these two fronts then flows into the economic and financial indicators of an industry's health.

483. Winstone's application addressed the likelihood of material injury recurring if the current anti-dumping duties were removed. Winstone stated that if current anti-dumping duties cease it will lead to: increased import volumes, price undercutting and depression, declines in output, sales, market share, profits, returns on investment, utilisation of production capacity and adverse effects upon cash flow, inventory, employment and growth.

484. The Investigating Team has assessed each of the injury factors below, some of which Winstone provided some information on, and others it did not. To the extent that it is relevant the Investigating Team has considered the approach which Winstone consider is relevant in assessing material injury (or the likelihood thereof) that is the position that it would be in "but for the dumped goods". However, the Investigating Team notes both that the "but for" test is more useful in assessing current injury than the likelihood of future injury. In addition the "but for" test is an assessment of the position that Winstone would be in if no dumped imports from Thailand had been imported. This is very distinct from the position that Winstone would be in if no imports from Thailand had occurred and the "but for" test is applicable only to the portion of goods that are dumped.

485. The Investigating Team asked Winstone to provide a picture of what the likely impacts would be if the duties were removed. As a general response Winstone responded that the effect if duties were removed would be the same as what it experienced in the period immediately preceding the initial imposition of the duties, over seventeen years ago. Beyond some general EBIT and price figures from Winstone, the information presented on the likely scenario was not substantial and related to only a few key changes to its current forecast position.

486. The Investigating Team is unable to accept that the position that Winstone was in seventeen years ago can be automatically held to be the likely outcome in the event that the anti-dumping duties are removed for several reasons. The nature of the New Zealand (and global) economy and in particular the competition that Winstone's has experienced from the Thai imports has changed drastically over the

past decade. In turn this has impacted on the type of business that Winstone operates. Winstone was not the innovative market focused, customer responsive organisation that it is today when it first faced competition from dumped imports. Key initiatives such as the Home Solutions branding, call centres, delivery times and product range extensions, have all been introduced since the Thai imports first entered the market. It should be noted that some of these services are replicated by the importers, however, Winstone's market focus is vastly different to that of the late 1980's and correspondingly its response to and effect from any dumped imports must be considered in this context.

487. In response to the *Interim Report* BPB stated given that Winstone is the sole New Zealand manufacturer, has a very high market share (estimated by BPB as being in excess of 95 percent), has high capacity utilisation and probably enjoys the world's highest plasterboard prices that "it is difficult to see any likely threat of material injury" to Winstone.

488. The Investigating Team is aware of the extent of the market share that Winstone holds and the prices that it achieves and has taken this into account in assessing the likelihood of recurrence of material injury to Winstone caused by the dumping.

## Import Volumes

489. Import volumes and the pattern that these figures can take can be helpful in forecasting what the level of imports would be in the absence of anti-dumping duties. A pattern of static import levels with anti-dumping duties in place may signal that in the absence of anti-dumping duties these import levels would increase drastically. Increasing imports can show that the duties are partially ineffective and need to be reassessed or that there is growth in the New Zealand domestic market, or that even at non-dumped prices the imported goods are competitive in the New Zealand market. Decreasing volumes can indicate that the duties are too high and prohibiting importation of goods that would have been imported if duties had been set a non-injurious level, or that the duties are effective and have deterred dumped imports that cannot compete in the New Zealand market at a non-dumped price, or that the New Zealand domestic market is declining.

490. Winstone stated that import volumes into New Zealand have increased over the past seventeen years despite the existence of anti-dumping duties and for the year ended June 2005 imports from Thailand accounted for [REDACTED] percent of the total imports. Winstone also submitted the volume of imports of plasterboard have increased despite the presence of anti-dumping duties for the past seventeen years, and that the Investigating Team should interpret this as an indication that in the absence of any anti-dumping duty, import levels would increase further.

491. The Investigating Team notes that the growth of the volume of Thai imports has occurred within a growing market. As shown in Table 4.5 over the period 2001 to 2005, the volume of imports of standard plasterboard from Thailand grew by [REDACTED] percent. However, over the same period the total New Zealand market grew by [REDACTED] percent.

492. The Investigating Team considers that the extent to which the imports of all types of plasterboard, including performance boards, has increased must be considered in light of the New Zealand market growth. It is clear that the level of growth in the exports is [REDACTED], relative to the growth in the overall market. However, given the comments made by all parties to this investigation on the growing competition from [REDACTED], alongside Winstone's statement that it is not currently being injured by imports of dumped standard plasterboard, the Investigating Team considers that this increased level of competition of imports from Thailand is either largely related to the change in the ratio of total imports occupied by performance board or accepted by Winstone as un-dumped and therefore fair competition. This does not [REDACTED] the recent increase.

493. Winstone also made reference to the size and resources available to the Thai manufacturers indicating that both manufacturers have the ability to scale import volumes rapidly. The Investigating Team notes that, while the extent of the exporting manufacturers resources gives them the ability to scale exports quickly, there needs to be a corresponding ability on the import side, by the importers to be able to deal with the volumes in terms of handling, sales, purchases and the corresponding impacts upon their costs that these changes would have.

494. Winstone stated that the ability of the New Zealand importers of Thai plasterboard to deal with increased volumes is evidenced by the volumes of plasterboard that they have previously imported, combined with comments made by the importers of the desire to obtain a certain market share and an apparent willingness to sell at lower prices. The Investigating Team believes that there are two relevant factors in assessing the ability of the New Zealand importers to accept increased volumes into the New Zealand market over a reasonably short period of time.

495. First is the strength of Winstone as the incumbent market leader. The Winstone's GIB® brand has a strong foothold in the New Zealand market and with its Living Solutions and performance plasterboard approach has been successful in maturing the market towards the higher value-added plasterboards. While over a longer period of time it is undoubtedly possible to diminish brand strength through the availability of lower priced products, especially for a commodity product, the Investigating Team believes that the value of the GIB® brand and its success within the New Zealand market is such that it would be very difficult for importers to significantly increase their market penetration in the short to medium term.

496. Second is the ability of the market to absorb these volumes, which need to be successfully distributed by the importers. The construction market, and the wider economy, is forecast to decline and some consider that the decline has already begun. In a declining market all market participants will struggle to maintain current sales levels, let alone be successful in growing them. This, however, does not preclude the possibility of importers increasing market share through lower prices in a declining market. Therefore, whether import volumes can increase is dependent on the predisposition of the market towards the packages offered by the Thai importers, as opposed to that offered by Winstone. The importers may, in the absence of anti-dumping duties, be able to offer a lower price but the extent to which the market would require this to be lower than Winstone's is unclear. The value that



customers place on the GIB® brand and Winstone's support is already displayed by the purchases of performance plasterboards and overall market share that Winstone has retained. Evidence was presented by Winstone that it is [REDACTED] from Thailand and that on certain occasions, on a [REDACTED], this has [REDACTED] for that type of performance board. At the same time the level of Winstone's sales of performance plasterboards has continued [REDACTED].

497. Winstone also has in place distributor agreements that it stated are usually for [REDACTED], with some [REDACTED] agreement in the [REDACTED]. The Investigating Team is unsure as to what percentage of Winstone's sales are subject to these agreements but understands it is a large portion. To some degree, the market is restricted to the level of imported product it can purchase for the duration of the distributor agreements with Winstone, which require exclusive stocking of GIB® branded plasterboard.

498. Given the small percentage of total imports found to be dumped, only [REDACTED] percent of total imports of subject goods from Thailand, the Thai import volumes that Winstone would face "but for" the dumped imports is very similar to the total currently entering the market.

### **Conclusion on Import Volumes**

499. The Investigating Team considers that in a growing market it is likely that the import volumes of standard plasterboard from Thailand will continue to grow. If the market declines, as it is forecast to do (or has already begun to) the level of these imports is unpredictable but may be unlikely to increase. In assessing the impact of an increased volume the Investigating Team considers that the effect of price in the New Zealand market will determine the volumes imported.

### **Importer's Intentions**

500. The extent to which import volumes are expected to increase and pricing levels change is dependent on the intentions of the importers for their sales of plasterboard within the New Zealand market and how these sit with the intentions of the Thai manufacturers and the state of the New Zealand market for plasterboard.

501. Winstone submitted that there is proven access to the New Zealand market for the Thai exporters through the long-standing relationships they have with the importers and that the importers now have established distribution networks in place.

502. The Investigating Team considers that both importers have now been operating businesses involved in the importation of plasterboard for some time and have established relationships and networks within the New Zealand market. Elephant has traditionally been the more established of the two importers having now developed strong relationships with the merchants and a solid distribution network. BML has traditionally been the smaller and less sophisticated competitor of the two importers. This appears to be changing with several interested parties submitting to the Ministry evidence of the increasingly sophisticated BPB brand marketing that BML is using in the New Zealand market.

503. The Investigating Team did not receive a substantial amount of information from either of the importers but their stated intentions for the New Zealand market are covered below.

## Elephant

504. Winstone submitted to the Investigating Team statements made by Elephant that it cannot sell below Winstone's prices, which Winstone interpreted as references to the anti-dumping duties and stated that these showed a change in pricing policy in the absence of any anti-dumping duties would be inevitable. Elephant also provided the Investigating Team with these statements and stated that they demonstrated that Elephant is not attempting to undercut Winstone's prices.

505. Elephant indicated that it expects to import [redacted] plasterboard [redacted] regardless of whether or not anti-dumping duties apply, as it has [redacted] product. Furthermore Elephant indicated to the Investigating Team that the level of stock it holds indicates that it serves an existing customer base rather than has large stock piles of product that it is waiting to unleash upon the New Zealand market.

506. When asked to comment on what the effect on its selling prices would be if the anti-dumping duties were removed Elephant stated that there would be no difference in its selling prices. Elephant did state that the removal of anti-dumping duties could result in [redacted] price from SGI/SCT, hence [redacted] Elephant's [redacted]. Elephant emphatically and repeatedly stated that it would not [redacted] a [redacted] Winstone, as it believes that Winstone has both cost advantages, with the ability to manufacture more cheaply than Elephant can import, and size advantages with its financial strength and large share of the market.

507. Elephant stated that even if the anti-dumping duties were removed this would not change Elephant's pricing behaviour for one key reason. Mr Van Hest, the principal of Elephant and its predecessors, has been involved in the importation of plasterboard from Thailand, with the corresponding anti-dumping duties that have applied, for the past seventeen years. Elephant stated that this experience gave it the assurance that despite any alleged short-term gains that may be made in market share by lowering its prices would be short lived, as a new anti-dumping action would rapidly be taken by Winstone. Elephant stated that it believes the [redacted] by Winstone given the level of Winstone's market share and the level of resource that it invests into supporting its GIB® products in the marketplace.

508. Elephant believes that Winstone is likely to be injured by imports from other sources, namely the increase in levels of plasterboard that are being imported from China and to a lesser extent Australia rather than any un-dumped imports that may be entering from Thailand.

509. In response to the *Interim Report* Elephant requested that the Investigating Team clarify its findings at paragraph 546 that the pricing behaviours of Elephant will not be a cause of injury to Winstone "independently of [any recurrence of dumping]".

The Investigating Team is unable to conclude that Elephant's future pricing behaviours **will not** be a cause of material injury to Winstone if dumping were to occur, but has concluded that it does not see this as likely.

## **BML**

510. BML submitted that when anti-dumping duties are imposed exporters increase their prices to that level to capture the increased rate of profit in the country of export rather than the importers paying an anti-dumping duty. BML believes the effect of anti-dumping duties is to transfer the profit capture from New Zealand importers to the foreign manufacturers impacting prices to the disadvantage of the New Zealand consumer and benefits only the foreign exporters and Winstone, which BML noted is largely foreign owned.

511. The Investigating Team notes that increasing prices to avoid the imposition of anti-dumping duties is only possible in situations where the anti-dumping duty is set by way of a reference price mechanism when duty is not payable if the goods are at, or over, a certain level that is deemed to be dumped or non-injurious. This contrasts with the imposition of other forms of duty such as a specific or percentage duty where a duty of the corresponding value must be paid despite the price level of the imports.

512. BML stated that a consequence of exporters increasing their prices, in order to respond to the anti-dumping duty is that exports to New Zealand are more attractive to them.

513. BML stated that it has dealt with the duties by focusing its sales on the commercial market that is more likely to use performance plasterboards, which are not subject to anti-dumping duties. The Investigating Team notes that evidence was provided by Winstone that it is facing strong competition from BML in this portion of the market.

514. BML submitted that it prices its board relative to Winstone's prices to achieve the market penetration it seeks. BML also stated that it has no interest in undercutting Winstone's price further; indicating that it considers it is already selling plasterboard at a price below that of Winstone. BML specifically stated that if duties were removed it would expect a reduced purchase price from BPB but would not reduce the prices of its standard plasterboard, instead would enjoy a larger profit margin.

515. BML stated that the existence and level of an anti-dumping duty will not affect its pricing as room for response to movement in costs after FOB is already built into its pricing and anti-dumping duties would be dealt with the same way. BML further stated that it has a share of the New Zealand market that it intends to achieve regardless of whether or not there are any anti-dumping duties in place.

## **Price Effects**

516. Winstone stated in its application that "... commercial logic would indicate that any removal of the anti-dumping remedy would almost immediately result in the Thai producers reducing export prices to New Zealand".

517. Winstone provided evidence on the price effects it believes would occur in the absence of anti-dumping duties and in some cases related this to the data provided on exports of plasterboard from Thailand to countries other than New Zealand and in other cases to data on its own financial performance.

518. Winstone's application submitted that the extent to which Thai exports of plasterboard to countries other than New Zealand, are lower than the export prices to New Zealand, as outlined from paragraph 384, indicated that there was significant scope for imports to undercut the prices of New Zealand manufactured plasterboard. Similar statements were made in regard to the likelihood of price depression. Winstone submitted that this indicated the level of any undercutting would be substantial.

519. Winstone surmised that given the data on exports to other countries that a reduction in the importer's selling prices of NZD [redacted] per square metre would occur and that this would be a minimum of NZD [redacted] and in order to compete with dumped imports it would [redacted] and [redacted]. Figures provided indicated that a [redacted] of its plasterboard would result in a loss of NZD [redacted] per year. The application also provided a scenario where, [redacted] plasterboard, Winstone's [redacted], which would result in the [redacted] NZD [redacted].

520. While there may be a decrease in the export price of the goods to New Zealand this will not necessarily correspond to lower prices in the New Zealand market. Importers could chose, in the event of a decrease in their purchase price, to continue to sell at current prices and make an increased margin on sales, as submitted by BML. If the importer's purchase prices were to decrease and they chose to pass this onto their customers there would be a point at which it would be better to maintain prices at a certain market share than to decrease prices further.

521. [redacted] the New Zealand construction market had begun to cool but [redacted] also described the situation as one of [redacted] rather than [redacted] demand. A [redacted] market situation would likely create different pricing behaviours from all market participants than may occur in a [redacted] market.

522. Elephant has iterated that it does not seek to undercut Winstone's plasterboard prices. It currently also sells its performance plasterboards, to which anti-dumping duties do not apply, at prices above the equivalent Winstone products ([redacted]).

523. The Investigating Team notes that the level of evidence that it has before it to enable it to assess price undercutting is limited and that there may well be some price undercutting already occurring by BML, given statements that BML has made.

### Other Price Effects

524. Winstone did not comment on any other price effects, beyond those already stated above. It is worth noting that the expected impacts given above are expressed in terms of Winstone's standard plasterboard sales. Winstone also stated that as the price of performance boards are [REDACTED] that it would [REDACTED] price of the performance boards, which was estimated as leading to a further reduction in EBIT of NZD [REDACTED].

### Output and Sales

525. Winstone stated that it would seek to [REDACTED] and accordingly [REDACTED] in its plants. There are [REDACTED] injury effects on output or sales volumes.

### Market Share

526. Winstone stated in response to dumped goods it would [REDACTED] to limit any [REDACTED] percent of the [REDACTED]. Winstone forecast that this would be [REDACTED] as it responds [REDACTED] from the importers.

### Profits and Return on Investments

527. Winstone stated that profits would decrease by at least NZD [REDACTED] if the anti-dumping duties were removed in respect of all exports from Thailand. This would have a corresponding effect on its return on investments, although the investment figures provided are for the Winstone's entire operations and therefore the exact magnitude of this impact is not measurable.

### Productivity and Employment and Wages

528. Winstone stated that it will seek to [REDACTED] [REDACTED] years. Winstone reiterated that the volume of imports from Thailand have not been of a sufficient level to effect its productivity and does not believe that [REDACTED].

### Utilisation of Production Capacity

529. Given that Winstone has stated it would respond to any dumped imports by [REDACTED] of production capacity would occur.

## Cash Flow and Inventories

530. The comments on cash flow in paragraph 345 and inventories in paragraph 347 apply equally to the assessment of any likelihood of recurrence of material injury in this area.

## Growth and Ability to Raise Capital and Investments

531. Given Winstone's statements that [REDACTED] its plants and that it [REDACTED] no injury effect can be forecast here.

532. Winstone has stated that its current growth strategy is [REDACTED] and this when combined with the strategy it anticipates it would employ to deal with a recurrence of dumped imports from Thailand, the Investigating Team concludes that growth would not be affected by dumped imports of standard plasterboard.

## 5.3 Conclusion

533. In assessing the likelihood of any recurrence of dumping causing material injury no analysis can ever be future proof, or provide a guarantee of what will or will not happen and is at best an educated assessment of what is likely to occur in the future, having regard to what has occurred in the past. The lack of perfect information or impossibility of accurately predicting the future does not predicate any favour in terms of the decision that should be made, that is, duties should not be continued merely because the future is uncertain. Rather each review must turn its mind to each of the relevant factors that are considered in assessing both dumping and material injury, or threat thereof, in a new investigation and come to a conclusion based on the evidence presented.

## Dumping

534. Normal values have decreased, there is strong domestic demand that is forecast to continue, albeit at slower rates, in the Thai domestic market and while there is some evidence that list prices may have recently increased in Thailand there is no evidence of the substantial discounts that are offered in the market abating.

535. The average export prices to New Zealand are at least 18 percent higher than exports to other countries from Thailand to which it was compared. The suitability of these countries, apart from Australia, as a source of comparison is questionable given the nature of these economies. In addition the New Zealand export prices were effectively set in light of the anti-dumping duties being in place and the prices to these other countries have been able to move dynamically in response to changing market drivers.

536. BPB has large excess capacity that it is intending to export and due to the high export prices to New Zealand it is likely that some of this excess capacity would be exported to New Zealand. BPB stated that it will attempt to increase its volumes to New Zealand and is less concerned about maintaining its current prices. Although

the Investigating Team notes that BPB's prices to BML for [REDACTED] its standard plasterboard, which makes decreasing prices of the standard plasterboard unlikely without a [REDACTED].

537. In response to the *Interim Report* BPB stated that the Investigating Team's conclusion on the likelihood of future dumping "seems extraordinary that despite findings of no dumping and no injury you plan to reassess duties on the future expectation that there is a likelihood of dumping recurring for exports by BPB." The Investigating Team notes that the matter to be considered in a review is whether dumping causing material injury would be likely to continue or recur in the future if duties were removed. Therefore the fact that no dumping is currently occurring does not mean that no dumping would occur if duties were removed.

538. The Investigating Team did not establish any positive dumping margins for BPB during the course of the review but has taken into account several factors; including prices to other export markets, current capacity utilisation, prices to New Zealand, statements made during the review and commentary on export intentions in determining it is likely that BPB will export to New Zealand at dumped prices in the absence of any anti-dumping duty. Additionally the prices of its performance plasterboards, when compared to the prices of standard plasterboard to New Zealand indicates that it is likely these two sets of prices are bundled and this matter will be addressed in the reassessment following this review.

539. SGI/SCT has stated that it will attempt to continue growing its market share in New Zealand but will [REDACTED] price to achieve this. It appears, contrary to the conclusion reached in the *Interim Report*, that exports would not be constrained by capacity. This is the result of additional information on capacity but no corresponding information was supplied in relation to utilisation. The Investigating Team does not believe that it is likely that SGI/SCT will export to New Zealand at dumped prices in the future to a level that would cause material injury to Winstone and in doing so has taken into account the [REDACTED] in the New Zealand market.

540. Winstone requested in response to the *Interim Report* that the Investigating Team reconsider the imposition of duties in relation to exports by SGI to Elephant, given the additional information that it provided in relation to capacity. The Investigating Team has considered this information above. The re-introduction of the Navanakorn plant is additional capacity but the Investigating Team has no information on current utilisation rates and is not convinced that, given the extent of weight it has given to capacity in reaching its conclusion in respect of exports to Elephant, that an alternate conclusion should apply.

## Injury

541. The level of imports from Thailand have increased significantly since anti-dumping duties were first imposed and [REDACTED]. The sheer size and resources available to the exporting manufacturers indicates, subject to any capacity constraints, that they have the ability to rapidly export increased volumes of

plasterboard to New Zealand. The Investigating Team believes that this potential for rapid growth of Thai product in the New Zealand market is seriously constrained both by the strength of Winstone, as incumbent market leader and to a lesser extent the resources of the importers.

542. The price at which the importers would sell plasterboard in the absence of anti-dumping duties has been evaluated against the prices that they currently sell at and the behaviours around the pricing of the imported performance plasterboards, which are currently not subject to anti-dumping duties.

543. Elephant has a stated pricing policy, for goods that are currently subject to duties, as well as other performance plasterboard, of maintaining its prices above those of Winstone. The Investigating Team considers that Elephant is likely to seek to maintain this policy if anti-dumping duties were removed.

544. BML currently undercuts Winstone on the price of performance plasterboards and also made comments indicating that it may also undercut Winstone on standard plasterboard. BML submitted that if the anti-dumping duties were removed that it would not lower its prices but instead enjoy an increased margin from those sales. Given its current pricing strategy for the performance plasterboards, which are not subject to anti-dumping duties, the Investigating Team considers that BML would decrease the price of its standard plasterboard if anti-dumping duties were removed.

545. A decrease in the price of BML's standard plasterboard would likely cause Winstone's prices to be depressed and undercut by these imports, therefore, depending on the extent and success of any such price reductions, leading to a likelihood of recurrence of material injury to Winstone.

546. The Investigating Team has concluded in respect of a likelihood of the recurrence of dumping and corresponding material injury:

- • There is a likelihood of a recurrence of dumping by BPB in the foreseeable future having cognisance of its large excess capacity levels. Given the past pricing behaviours of BML in the New Zealand market this dumping is likely to be a cause of material injury to Winstone; and
- • A recurrence of dumping by SGI/SCT is not likely in the foreseeable future having considered its current exports, including the pricing of performance boards to New Zealand. The pricing behaviours and conduct of Elephant in the New Zealand market to date indicate that material injury to the domestic industry is not likely to result from exports by SGI/SCT.



## 6. Initiation of Reassessment

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547. Section 14(6) of the Act provides for anti-dumping duties to be reassessed following the completion of a review:

- (6) The [Chief Executive] may initiate a reassessment of any rate or amount of anti-dumping...duty determined under subsection (4) of this section, including any elements of any formula used to establish such a rate or amount,—  
...
- (c) Following the completion of a review carried out under subsection (8) of this section—  
and the Minister may determine a new rate or amount in accordance with subsection (4) of this section, and, in that event, shall give notice of the new rate or amount.

548. The Investigating Team has re-calculated normal values, export prices and the corresponding dumping margins in the course of the review. These amounts were different from those upon which the current anti-dumping duties were calculated. Therefore, given the scheme and purpose of the Act and the Agreement, namely that anti-dumping duties should not exceed the established dumping margins, the level of the current anti-dumping duties need to be assessed as to whether it is appropriate for them to remain at their current level or if the rates should change.

549. The Investigating team concludes that a reassessment should be initiated immediately following the completion of this review. The duties section of this report constitutes an *Interim Report* for such a reassessment.

## 7. Conclusions

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550. The Investigating Team concludes, on the basis of the information available, that should the existing anti-dumping duties be removed, there is unlikely to be a recurrence of dumping and material injury in respect of exports by SGI/SCT to Elephant, and there is likely to be a recurrence of dumping and material injury in respect of exports by BPB.

551. Accordingly, the Investigating Team concludes that:

- a. Anti-dumping duties on standard plasterboard from Thailand should not be revoked in respect of exports by BPB and in respect of exports by SGI/SCT to importers other than Elephant;
- b. Anti-dumping duties on standard plasterboard from Thailand should not be revoked in respect of exports by SGI/SCT to Elephant, but should be reassessed to a nil rate;
- c. There should be a reassessment of the anti-dumping duty on standard plasterboard from Thailand following the completion of this review.

## 8. Recommendations

552. It is recommended on the basis of the information obtained during the course of the review that:

1. The Chief Executive of the Ministry determine pursuant to section 14(8) of the Act that in relation to the importation or intended importation of standard plasterboard from Thailand into New Zealand that if anti-dumping duties were to be removed:
  - (a) there is a likelihood of dumping recurring; and
  - (b) by reason thereof material injury to an industry is also likely to recur.
2. The Chief Executive of the Ministry initiate a reassessment pursuant to section 14(6)(c) of the Act.
3. The Chief Executive of the Ministry sign the attached *Gazette* notice publicly notifying the completion of this review and initiation of a reassessment of the anti-dumping duties that currently apply to imports of standard plasterboard from Thailand.

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Investigating Team  
 Tariff Policy and Trade Rules Group  
 Ministry of Economic Development

Recommendation Accepted/ Not Accepted

.....

Anne Corrigan  
 Manager, Tariff Policy and Trade Rules Group (*Acting under delegated authority from the Chief Executive of the Ministry of Economic Development*)  
 Ministry of Economic Development

## 9. Duties

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553. The Chief Executive of the Ministry has initiated a reassessment of the amounts of anti-dumping duty that currently apply, pursuant to section 14(6) of the Act.

554. This section of the report forms an Interim Report for that reassessment and provides interested parties with the opportunity to comment on the proposed duties. Interested parties have until **1 May 2006** to make submissions upon the report.

555. All submissions must be accompanied by a non-confidential version at the same time in order to be taken into account in the Ministry's recommendations to the Minister regarding the reassessed duty.

556. Section 14 of the Act relates to the imposition of anti-dumping duties, the relevant parts of which are set out below:

- (1) At any time after the Minister makes a final determination under section 13(1) of this Act in relation to goods, the Minister may give notice of the rate or amount of duty determined under subsection (4) of this section (which notice may be given simultaneously with, or at any time after, the notice given under section 13(2) of this Act) and there shall, with effect on and from the applicable date referred to in section 17 of this Act, be imposed,—

- (a) In respect of those goods that are dumped, a duty to be known as anti-dumping duty:

...

- (2) Anti-dumping duty ... imposed under subsection (1) of this section, shall be collected and paid on the demand of the [[Customs]] on and from the day after the date on which the notice under subsection (1) of this section is published in the Gazette.

...

- (4) The anti-dumping duty ... in the case of goods to which this section applies shall be a rate or amount determined by the Minister,—

- (a) In the case of dumped goods, not exceeding the difference between the export price of the goods and their normal value; and

...

- (5) In exercising the discretion under subsection (4) of this section, the Minister shall have regard to the desirability of ensuring that the amount of anti-dumping ... duty in respect of these goods is not greater than is necessary to prevent the material injury or a recurrence of the material injury or to remove the threat of material injury to an industry or the material retardation to the establishment of an industry, as the case may require.

- (6) The [Chief Executive] may initiate a reassessment of any rate or amount of anti-dumping...duty determined under subsection(4) of this section, including any elements of any formula used to establish such a rate or amount,—

- (a) On the initiative of the [Chief Executive];
    - (b) Where a request for a reassessment is submitted to the [Chief Executive] by an interested party who submits evidence justifying the need for a reassessment; or
    - (c) Following the completion of a review carried out under sub-section (8) of this section—

And the Minister may determine a new rate or amount in accordance with subsection (4) of this section, and, in that event, shall give notice of the new rate or amount.

## 9.1 Current Duty Rates

557. The rates of duty that currently apply to imports of plasterboard from Thailand appear in Table 9.1. These rates were set following the 2002 reassessment.

**Table 9.1: Current Anti-Dumping Duties**

Exporter	Importer	Duty (per square metre)
SCT	Elephant the lessor of:	NIFOB NZ\$ [REDACTED] per square metre
	and-	NVE THB [REDACTED]
BPB	Other Importers	NVE THB [REDACTED]
		NVE THB [REDACTED]
Other Exporters		NVE THB [REDACTED]

## 9.2 Method of Imposing Duty

558. 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:

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

559. 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 administration, 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.

560. 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 during an investigative process or to the values at the time the goods subjected to the duty are imported.<sup>1</sup> Given this, the Ministry's approach is to adopt a form of duty that

<sup>1</sup> Plasterboard from Thailand, Reassessment, September 1999.

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

### **Ad Valorem Duty**

561. An *ad valorem* duty is a duty based on the dumping margin, expressed as a percentage of the export price, and is expressed as a percentage of the value for duty amount. 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, provided that the transaction-to-transaction comparison does not result in a wide range of dumping margins.

562. 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 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 higher amount of duty, which may be higher than is necessary to remove the injury caused by the dumping.

563. *Ad valorem* duties can also be used to impose duties where there is found to be dumping causing or threatening to cause material injury to a domestic industry, but that some 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 as part of a review or reassessment of the goods from that source as a whole. 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 for the time being, but where a change in circumstances, that would result in the need for a reassessment or a review, may occur in the future.

564. An *ad valorem* rate gives an indication of the impact of the duty, but does not target the dumping as accurately as other forms of duty.

### **Specific Duty**

565. 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, 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.

566. 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 wide range of different dumping margins.

567. An alternative approach to deal with exchange rate fluctuations is to express a specific duty as the difference between the normal value and the export price, expressed in the currency of the country of origin and to convert this amount into NZD at the date of sale or importation for each transaction. However, this approach does not deal with the problem of changes in export prices for reasons other than exchange rate movements or movements in normal values such as a price change.

568. A specific duty has the advantage of ensuring that anti-dumping duty is collected and is often appropriate in cases where bundle pricing, off invoice rebates or other non-price consideration (being outside the net invoice price of the subject goods) are occurring.


### **Reference Price Duty**

569. 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 cost insurance and freight level. A NV(VFDE) amount represents the un-dumped value of the goods at the FOB level.

570. 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. 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.

571. Reference prices also have the effect of not removing the injury to an industry when goods are invoiced at or above the set reference price, but some form of non-price consideration is also occurring. In these circumstances the reference price is almost enabling the dumping to cause injury and a reference price mechanism is not an effective form of duty to employ.

### **Conclusion**

572. It has been the normal practice of the Ministry to impose duties through the use of reference prices, when appropriate, for the reasons outlined above. However, in the present case the Investigating Team considers that the export prices to BML 

the information presented and considered during the review about general pricing structures in the global plasterboard trade.

573. The general view in world markets appears to be that standard board is treated as a generic product being used for general purposes and as a consequence occupies the volume part of the market. In contrast the specialist performance boards occupy market niches and are used for specific purposes. Prices of standard plasterboard, therefore, reflect the commodity nature of the product and are generally lower than the specialist performance boards. This appears to be reflected in the price where a price premium is paid for the performance boards. All parties to the review indicated that performance boards achieve higher prices (although are sold in lower volumes) than standard plasterboard.

574. As reported in the *Interim Report* for the review the presented during the investigation was the pricing of BPB's exports of performance boards to BML, at a price than the prices of its exports of standard plasterboard to BML. The Ministry considers that this difference constitutes a . Therefore the Ministry recommends that a specific duty be imposed to ensure that the remedy is effective and pricing does not occur.

575. The level of the performance board export prices to BML indicates that, in the absence of a that is currently operating, that the export price of standard plasterboard to BML would in the absence of duties.

576. For exports by SGI/SCT to Elephant it is proposed that the duty be set using the *ad valorem* method as this method, more easily than others, accommodates a zero rate of duty.

577. In the case of exports by SGI/SCT to importers other than Elephant there is no evidence of . Due to the advantages of using reference prices outlined above, the Ministry normally uses this type of duty and in the absence of any reasons that would dictate the use of an alternate duty mechanism, it is proposed that exports by SGI/SCT, to importers other than Elephant, be imposed via a reference price mechanism.

### 9.3 Level and Timing of Duty

578. Anti-dumping duties can not be applied at a level higher than the margin of dumping and section 14(5) of the Act requires that the Minister have 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.

579. Consideration of the appropriate type and level of duty in a reassessment following a review carries with it differing issues from the consideration of duties in a new investigation. Of particular relevance is the fact that the recently concluded 2005 Review found that Winstone was not being materially injured due to imports of dumped imports of plasterboard from Thailand and that the anti-dumping duties that are currently in place have been effective in preventing material injury to date.



580. This means that consideration must be given to the prices at which the plasterboard would be imported in the absence of anti-dumping duties as it is this dumping causing material injury, that was held to be likely to recur in the review, that the reassessed rates of duty are designed to address.

581. It is important to note that neither of the importers have provided any information on their average ex-store selling prices, or indeed any of the cost build-up to this point. This does not prevent the Ministry from proposing methods and amounts that the reassessed duties should take, but it does affect the ability of the Ministry to propose lesser duty amounts. It should be noted that the failure of the importers to provide information to date and the possible provision of this information following this *Interim Report* may not, in itself, be sufficient to alter the proposed method of imposition of duty.

### **SCT/Siam Gypsum**

582. Exports from SGI/SCT to Elephant are currently subject to the lower of NIFOB NZD [REDACTED] per square metre, or NVE of THB [REDACTED]. Exports from SGI/SCT to all other exporters are subject to anti-dumping duty at the rate of NVE THB [REDACTED]. The amounts in THB are converted into NZD at the relevant Customs exchange rate as at the date of import.

583. The *2005 Review* concluded that anti-dumping duties on standard plasterboard from Thailand should not be revoked in respect of exports by SGI/SCT to importers other than Elephant; and that anti-dumping duties on standard plasterboard from Thailand, in respect of exports by SGI/SCT to Elephant, should be reassessed to zero. SGI/SCT did not comment on the proposals in the *2005 Review Interim Report*.

584. The Ministry proposes that exports by SGI/SCT to Elephant be subject to anti-dumping duty at 0 ad valorem based on the value for duty amount.

585. While there is a sole supply agreement between Elephant and SGI/SCT this allows for Elephant to authorise direct supply by SGI/SCT to other entities. Therefore the Ministry considers that it should establish a rate for exports by SGI/SCT to importers other than Elephant.

586. Given the reasoning above the Ministry proposes a NV(VFDE) rate THB [REDACTED] per square metre for exports by SGI/SCT to all other importers. This has been calculated by adding to the most recent normal values, as established during the review, the weighted-average adjustments made for packing, inland freight, customs clearance, terminal handling, CFS, bill of lading and cost of credit. All amounts were those established during the immediately preceding review and the calculation of the NV(VFDE) is shown in Table 9.2.

**Table 9.2: Calculation of Duty for Exports by SGI/SCT to Importers other than Elephant.**

	THB per square metre
Latest Normal Value	██████████
Plus Costs from Ex-factory:	
Packing	██████████
Inland Freight	██████████
Customs Clearance	██████████
Terminal Handling	██████████
Container Charge	██████████
Bill of Lading	██████████
Cost of Credit	██████████
NV(VFD)E	██████████

**BPB**

587. Exports made by BPB are currently subject to a reference price duty mechanism set at a NVE of THB ██████████. This amount is converted to NZD from THB at the relevant Customs exchange rate at the date of import.

588. As indicated in paragraph 574 the Ministry recommends that the new duty for exports by BPB to BML be set as a specific duty. The Ministry has taken the export prices and normal values as established during the *2005 Review* back to ex-factory for the purpose of setting a duty rate. This is because ex-factory is the point that best reflects the amount of dumping. A specific duty can operate based on amounts at this level, which is not possible for other duty types, such as a reference price mechanism.

589. In calculating ex-factory amounts the Ministry has used the maximum amount for each adjustment made during the *2005 Review*. The detail of these adjustments is shown from paragraphs 157 and 233 of this report.

590. In establishing a duty rate for BPB, the Ministry has calculated the proportional difference in the weighted-average export price for SCT's exports of standard plasterboard, as established over the period of review of THB ██████████ and SCT's weighted-average export price for performance plasterboards, as calculated over the same period, of THB ██████████, being a difference of ██████████ percent of the weighted-average export price of standard plasterboard.

591. This proportionate differential between SCT's standard and performance plasterboard export prices was then deducted from a constructed weighted-average standard plasterboard export price for BPB's exports. This price was established by taking the most recent invoice price which had ██████████ to NZD ██████████ from

NZD [REDACTED] (as at [REDACTED], and applying that to the exports made over the period of review and then subtracting the established adjustments to calculate likely export prices going forward. As the setting of duties is a forward looking process the Ministry considers that this is an appropriate methodology to use, as it is based on the current prices and the mix of product exported over the period of review. The weighted-average standard plasterboard export price for BPB calculated on this basis was THB [REDACTED]. The differential calculated above, of [REDACTED] percent, was then deducted from this export price to estimate a price that BPB would export standard plasterboard at in the absence of any anti-dumping duties, being THB [REDACTED].

592. This hypothetical price was then compared to BPB's established weighed-average normal value for the period of review of THB [REDACTED] to derive a dumping margin of THB [REDACTED]. This amount will then form the basis of the specific duty.

593. To check the reasonableness of this constructed price, in the absence of duties and bundle pricing, the Ministry has undertaken several comparisons with other plasterboard prices.

594. First taking the estimated likely dumping margin of THB [REDACTED] added to the hypothetical price for standard board in the absence of duties, to give an un-dumped price of THB [REDACTED] for BPB's standard plasterboard and comparing this to SCT's standard plasterboard export price. This gives a estimated export price for BPB to BML that represents [REDACTED] percent of that from SGI/SCT to Elephant.

595. Another comparison undertaken was between the weighted-average export price of BPB's performance boards of THB [REDACTED] compared with the estimated likely dumping margin THB [REDACTED] added to the hypothetical price for standard board in the absence of duties. This gives an estimation of a potentially un-dumped price of THB [REDACTED] for standard plasterboard, which represents [REDACTED] percent of the export price of BPB's performance plasterboards.

596. It is proposed that the duty of THB [REDACTED] per square metre be levied as a specific duty that is converted to New Zealand dollars as at the invoice date using the relevant Customs exchange rate. Table 9.3 displays the calculation of the BPB duty rate in full.

**Table 9.3: Calculation of duties for exports by BPB**

SCT's Weighted-average performance board export price	THB [REDACTED]	
Less- SCT's weighted-average standard board export price	THB [REDACTED]	
Percentage difference between SCT's standard and performance prices		[REDACTED]%
BPB's weighted-average standard board export price	THB [REDACTED]	
Less proportionate difference between SCT's standard and performance boards	THB [REDACTED]	
BPB's standard board export price in the absence of duties		THB [REDACTED]

BPB's weighted-average normal value	THB [REDACTED]	
Less BPB's calculated export price for standard plasterboard in the absence of duties	THB [REDACTED]	
Calculated dumping margin		THB [REDACTED]

597. The specific duty will not be disclosed to either BPB or BML, as it is calculated on amounts that are confidential to SGI/SCT. The Investigating Team did explain that this may be a possible effect of BPB not providing information during the review. However, it is considered appropriate to provide some indication of the quantum of the anti-dumping duty to BML, as it will be liable to pay the duty.

598. The level of the anti-dumping duty represents approximately 21 percent of BPB's calculated weighted-average export price of standard plasterboard.

599. Given the advice from BPB that a written sole supply agreement exists between it and BML the Ministry does not consider that it needs to calculate a rate for exports by BPB to any other importer and this amount will therefore apply to all exports by BPB.

## Other Exporters

600. The current residual rate of anti-dumping duty for plasterboard from Thailand is based on the NV(VFDE) amount established for Elephant of THB [REDACTED].

601. It is the Ministry's normal practice for the residual anti-dumping duty rate to be set at the highest of all other rates, to prevent the establishment or use of alternate legal entities by existing exporters and importers to take advantage of a lower duty rate.

602. Therefore it is proposed that the anti-dumping duty rate for exporters other than BPB or SGI/SCT be set at the specific duty rate of THB [REDACTED] that was calculated for exports by BPB. This amount will be calculated on the declared value for duty amount and will be converted into NZD from THB using the relevant Customs exchange rate as at the invoice date.

## 9.4 Lesser Duty

603. Section 14(5) of the Act states that regard should be had to the desirability of a lesser duty, that is, a duty which is less than the full margin of dumping but is sufficient to remove the injury caused or threatened to be caused to the New Zealand domestic industry. This echoes the content of Paragraph 1 of Article 9 of the Agreement.

604. Usually the Ministry calculates a lesser duty by establishing an ex-store, or ex-factory non-injurious price, at which the importer could sell goods that may be dumped, but would not cause any injury to the domestic industry. This amount is then brought back to the FOB level to create a NIFOB duty rate.

605. In the present case, as mentioned previously, neither BML nor Elephant have provided the Ministry with detailed information on their net selling prices in order for

the Ministry to be able to make any comparisons between their net selling prices and that of Winstone.

606. The Ministry has considered whether there is any other method available to it, by which to calculate a lesser duty in the absence of this information and is satisfied that there is not. Therefore a lesser duty cannot be calculated

## 9.5 Summary of Proposed Duties

607. Table 9.4 summarises the proposed anti-dumping duties. Amounts in THB will be converted to NZD using the relevant Customs exchange rate as at the date of invoice, which in the case of both exporters was established as the date of sale.

**Table 9.4: Proposed Rates of Anti-Dumping Duty**

Exporter	Importer	Duty (per square metre)
SCT	Elephant	0 <i>ad valorem</i>
SCT	Other importers (excluding Elephant)	NV(VFD)E THB [REDACTED]
BPB	Any	Specific duty of THB [REDACTED]
All other exporters	Any	Specific duty of THB [REDACTED]

## 9.6 Opportunity for Comment

608. Interested parties have until **1 May 2006** to make submissions upon this interim reassessment report. All submissions must be accompanied by a non-confidential version at the same time.

609. At this stage it is proposed that a final reassessment report will be completed as soon as practicable after receiving submissions on the interim reassessment report. However, depending upon the nature of the submissions received and the content thereof it may be necessary to lengthen the reassessment process in order to include new information in the Ministry's analysis. If submissions result in significant changes to the proposals contained in this interim reassessment report, the Ministry will consider issuing another interim report to allow parties to defend their interests before final recommendations are made to the Minister.