



Trade Remedies  
Authority

## **FINAL DETERMINATION**

**Optical Fibre Cables imported into the United  
Kingdom**

**from the People's Republic of China**

**Investigation No. AD0021 into alleged dumping**

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# Section A: Introduction

## A1. Introduction

1. This investigation covers the alleged dumping of optical fibre cables (OFC) into the United Kingdom (UK) from the People's Republic of China (PRC). A full description of the goods concerned can be found in [Section E2: goods concerned](#) and details of the recommendation can be found in [B6. Final determination and recommended measure](#).
2. This section briefly summarises the legal framework for this Final Determination and the main findings of the Trade Remedies Authority (TRA). The background (see [Section C: Background](#)) and details of the investigation are explained fully in the subsequent sections.
3. The purpose of this document is to set out our Final Determination and recommendation to the Secretary of State for Business and Trade (Secretary of State) and detail the facts and analyses on which we have based our recommendation. It should be read in conjunction with other public documents available for this case on the [public file](#).
4. For further information about our investigations, please see our [public guidance](#).

## A2. Legal framework

5. This Final Determination is made pursuant to paragraphs 11(5) and (6) of Schedule 4 to the Taxation (Cross-border Trade) Act 2018 (the Act).

## A3. About this investigation

6. This investigation concerns a new application for anti-dumping measures to be applied on OFC imported into the UK from the PRC. The case, AD0021, was

initiated on 26 April 2022 and our [Notice of Initiation \(NOI\)](#) was published on that date.

7. The period of investigation (POI) is 01 January 2021 to 31 December 2021. To assess injury, the TRA examined the period from 01 January 2018 to 31 December 2021 as the injury period (IP).
8. On 9 June 2023, we published our Provisional Affirmative Determination (PAD) and our Statement of Essential Facts (SEF). See [Section D: Publication of the PAD and SEF](#) for more information.

## Section B: Summary and findings

### B1. Interested parties and contributors

9. This investigation involved the following interested parties:
  - Prysmian Cables & Systems Ltd ('The Applicant') (the applicant and domestic producer)
  - Shenzhen SDG Information Co. Ltd ('SDG') (exporter)
  - Shenzhen SDGI Optical Network Technologies Co., Ltd. ('SDGI') (exporter)
10. SDG is the parent company of SDGI so when we have referred collectively to both organisations, we have referred to them as 'SDG Group'.
11. This investigation involves the following contributors:
  - The China Chamber of Commerce for Import and Export of Machinery and Electronic Products ('CCCME') (contributor)
12. This investigation involves the following overseas producers from the Republic of Türkiye:
  - Türk Prysmian Kablo Ve Sistemleri A.S. ('Türk Prysmian') (contributor)
  - Corning Kablo ve Sistemleri Ltd. ('Corning Kablo') (contributor)
13. The following interested parties registered and cooperated with the investigation but were not sampled:
  - Suzhou Furukawa Power Optic Cable Co.,Ltd.
  - Shanghai Wanbao Optical Technologies Co. Ltd

- Ningbo Geyida Cable Technology Co.,Ltd
- XDK Communication Equipment Huizhou Co., Ltd.
- Jiangsu Fasten Optical Cable Co., Ltd.
- Hengtong Optic-Electric co. Ltd.
- ZheJiang JinYuan WanBao Optical Fiber Co. Ltd.
- FibreHome Telecommunication Technologies Co Ltd

14. The following interested parties registered for the investigation but were determined to be non-cooperative by the TRA:

- Yangtze Optical Fibre and Cable Joint Stock Limited Company ('YOFC') (exporter)
- ZTT Group (including Jiangsu Zhongtian Technology Co. Ltd & Zhongtian Power Optical Cable Co., Ltd) ('ZTT') (exporter)
- The Government of China ('GOC') through its Ministry of Commerce for the PRC ('MOFCOM') (foreign government)
- Mayflex UK Limited ('Mayflex') (importer)
- BT Telecommunications plc ('BT') (downstream contributor)

15. Relevant non-confidential submissions are published and accessible on the [public file](#).

## **B2. Scope**

16. The [NOI](#) describes the goods concerned and sets out the scope of this investigation as:

*Single mode optical fibre cables, made up of one or more individually sheathed fibres, with protective casing, whether or not containing electric conductors and hybrid cables, which are fitted both with optical fibres and electrical conductors. This product is commonly referred to as “optical fibre cables”.*

*The following product types are excluded:*

- Multimode optical fibre cables due to differences in construction, applications, and costs*
- Cables in which all the optical fibres are individually fitted with operational connectors at one or both extremities; and*
- Cables for submarine use because they have different applications and are designed differently from land cables. More specifically, unlike land cables, submarine cables 1) have different constructions because they are subject to different external environmental constraints (e.g., water pressure); 2) use different types of fibres (typically G.654 fibres); 3) include a conductor to feed the optical repeaters, which generally contain copper or aluminium; 4) are priced higher than land cables; and 5) are usually sold inside turnkey projects, which include installation. Submarine cables are laid out on the seabed by using specially modified ships.*

17. The goods concerned as described in the NOI correspond to the 10-digit commodity code, 8544700010, a description of which is set out in [Section E: The goods concerned and the like goods](#).

### **B3. Dumping**

18. In accordance with paragraphs 1(1) and 8(1)(a) of Schedule 4 to the Act, the TRA has examined whether dumping of the goods concerned originating in the PRC has occurred (for definition see [Section E2: Goods concerned](#)).

19. The TRA has concluded that the goods concerned are being dumped into the UK from the PRC (see [Section F: Dumping](#)).

#### **B4. Injury**

20. In accordance with paragraphs 5 and 8(1)(b) of Schedule 4 to the Act, the TRA has examined whether the dumping of the goods concerned has caused or is causing injury to the UK industry in the like goods.
21. We have concluded that the UK industry has suffered injury and that the dumped goods from the PRC have caused injury to the UK industry (see [Section H: Injury](#)).

#### **B5. Economic Interest Test (EIT)**

22. The TRA has considered the evidence before it and the following factors set out under paragraph 25(4) of Schedule 4 to the Act:
- injury caused by the dumping of the goods to a UK industry in the goods and the benefits to that industry in removing that injury;
  - economic significance of affected industries and consumers in the UK;
  - likely impact on affected industries and consumers in the UK;
  - likely impact on particular geographic areas or particular groups in the UK;
  - likely consequences for the competitive environment, and the structure of UK markets for these goods; and
  - such other matters as the TRA considers relevant.

23. The TRA has concluded that the EIT is met in relation to the application of an anti-dumping remedy (see [Section I: EIT](#)).

## **B6. Final determination and recommended measure**

24. Our final affirmative determination is in respect of goods concerned originating from the PRC that fall under commodity code 8544700010 in accordance with paragraphs 11(5) and 11(6)(a) of Schedule 4 to the Act.
25. We have determined that the goods concerned have been or are being dumped and the dumping of said goods has caused injury to the UK industry. The TRA has determined that the application of an anti-dumping measure we are recommending to the Secretary of State meets the EIT.
26. In accordance with paragraphs 17(3), 18(2)(a), and 18(5) of Schedule 4 to the Act, we recommend that the Secretary of State impose an ad-valorem duty on the goods concerned which are the subject of this Final Determination at the following rates:

Table 1: Recommended ad-valorem duty rates

Overseas exporter/producer	Duty amount
Shenzhen SDG Information Co. Ltd (SDG)	23.0%
Shenzhen SDGI Optical Network Technologies Co., Ltd. (SDGI)	23.0%
Suzhou Furukawa Power Optic Cable Co.,Ltd.	23.0%
Shanghai Wanbao Optical Technologies Co. Ltd	23.0%
Ningbo Geyida Cable Technology Co.,Ltd	23.0%
XDK Communication Equipment Huizhou Co., Ltd.	23.0%
Jiangsu Fasten Optical Cable Co., Ltd.	23.0%
Hengtong Optic-Electric co. Ltd.	23.0%
ZheJiang JinYuan WanBao Optical Fiber Co. Ltd.	23.0%
FibreHome Telecommunication Technologies Co Ltd	23.0%
All other overseas exporters (residual amount)	46.2%

27. In the PAD our recommendation to require a guarantee was made pursuant to paragraphs 11(3) and 13(3)(a) of Schedule 4 to the Act. The [provisional measure](#) came into effect on 11 July 2023 with a requirement that importers of the goods concerned provide a guarantee in the form of cash, a bond, or a bank guarantee, equal to the estimated anti-dumping amount on their imports from the PRC.
28. As the definitive measure in this final affirmative determination is less than the provisional measure we recommend, in accordance with paragraph 19 of Schedule 4 to the Act and regulation 91 of Trade Remedies (Dumping and

Subsidisation) (EU Exit) 2019 (the Regulations), that the definitive measure should apply to imports of the goods concerned from 11 July 2023.

29. This means that, in line with paragraph 18(3) of Schedule 4 to the Act, our recommendation is that the definitive measure applies for a period of five years from the day after publication of the Secretary of State's notice giving effect to this recommendation, plus the period from 11 July 2023 until the date of publication of that notice.

## Section C: Background

### C1. Initiation

30. On 11 March 2022, the TRA received an [application](#) lodged by the Applicant alleging that OFC imported into the UK from the PRC are being dumped and causing injury to the UK industry.
31. The Applicant was the only UK producer of OFC to support the application; however, as the Applicant has at least 25% of the total production in the UK of the like goods and the application was not opposed by other UK producers of the goods concerned whose collective output is greater than or equal to that percentage, we determined the application was made by or on behalf of a UK industry in accordance with regulation 52(2) of the Regulations.
32. The application contained evidence of dumped goods and of resulting injury that the TRA deemed sufficient to justify the initiation of an investigation. The case, AD0021, was then initiated by the TRA on 26 April 2022, and the [Notice of Initiation \(NOI\)](#) was published on that date.

### C2. Participation in the investigation

33. The TRA invited interested parties and contributors to register in order to participate in the investigation.
34. [Annex A: Interested parties and contributors](#) contains a summary of information received from all interested parties and contributors.

#### C2.1 UK Producers

35. Other than the Applicant, no other UK producer registered an interest in the case. As requested by CCCME and the GOC through MOFCOM, the TRA confirms that it contacted all other likely domestic producers of OFC it identified

during the course of the investigation but did not receive any responses, and no additional domestic producers of OFC contacted the TRA.

36. Following the publication of our PAD and SEF we received comments from the Applicant, which are detailed below in [Section D2.2](#) and [Section D3.1](#) respectively.

## **C2.2 Exporters/Producers from the PRC**

37. Overseas exporters and overseas producers that registered their interest in the case are included in [Annex A: Interested parties and contributors](#).
38. Due to the number of responses to the pre-sampling questionnaire received during the registration period, the TRA limited its examination of overseas exporters. A notice of [proposed sample](#) was published on 20 June 2022.
39. The overseas exporters selected to be within the sample were:
  - Yangtze Optical Fibre and Cable Joint Stock Limited Company (YOFC)
  - ZTT Group (including Jiangsu Zhongtian Technology Co. Ltd & Zhongtian Power Optical Cable Co., Ltd)
  - SDG Group (including Shenzhen SDG Information Co. Ltd & Shenzhen SDGI Optical Network Technologies Co., Ltd.)
40. Following the published sample notification, YOFC contacted the TRA on 28 June 2022 to state that it did not wish to respond to our request for information. The TRA, pursuant to regulation 49 of the Regulations, therefore determined YOFC to be a non-cooperative party with regard to the investigation. The limited information supplied by YOFC has been disregarded in accordance with regulation 49(1) of the Regulations.
41. On 27 July 2022, after initially requesting an extension to the deadline, ZTT Group also informed the TRA that it did not wish to respond to our request for

information. Therefore, the TRA therefore also determined ZTT Group to be a non-cooperative party with regard to the investigation. The limited information supplied by ZTT Group has been disregarded in accordance with regulation 49(1) of the Regulations.

42. SDG is an exporting producer of the goods concerned registered in the PRC. SDGI is a subsidiary of SDG (which holds 51% of the shares) and also acts as an exporting producer of the goods concerned. Both SDGI and SDG submitted questionnaire responses and have been fully cooperative with the investigation. For the purposes of the investigation, all companies related to SDG were collapsed into the “SDG Group” with the subsequent duty rate covering the overall SDG Group.
43. The SDG Group submitted comments following publication of the PAD and SEF, which are detailed below in [Section D2.4](#) and [Section D3.2](#).

### **C2.3 Importers**

44. During the registration period two UK importers of the relevant goods, Mayflex and BT registered their interest in the case and submitted completed pre-sampling questionnaires.
45. Mayflex did not submit a sufficient questionnaire response and confirmed via email that they would not be submitting a questionnaire response. On 14 October 2022 the TRA determined Mayflex to be a non-cooperative party, pursuant to regulation 49 of the Regulations.
46. BT is a significant user of the relevant goods in the UK market and imports the relevant goods through its logistics partners. BT submitted a questionnaire which was deemed to be incomplete and could not be used within the investigation. The TRA did not receive any correspondence from BT between 16 September 2022 and 30 March 2023, when it reached out to change its contact information. The TRA made multiple attempts during this period to resume contact with BT,

but no further submissions were received. BT has therefore been deemed a non-cooperative party, pursuant to regulation 49 of the Regulations.

## **C2.4 Foreign Government**

47. The GOC registered its interest in the case through MOFCOM. The GOC submitted a pre-sampling questionnaire but failed to complete a questionnaire when requested to do so. We have written to the GOC explaining that we have deemed them to be a non-cooperative party and subsequently, in the absence of a questionnaire response we have used facts available.
48. We received comments from the GOC through MOFCOM following the publication of the PAD and SEF, which are detailed below in [Section D2.3](#) and [Section D3.4](#).

## **C2.5 Overseas Producers**

49. On 12 December 2022, the TRA published a [note to the public file](#) inviting overseas producers and sellers of the like goods in the Republic of Türkiye to assist in providing information for use in the creation of cost benchmarks in this case. The Turkish producers of OFC, Corning Incorporated and Türk Prysman registered an interest in the case and submitted completed questionnaires.

## **C2.6 Contributors**

50. CCCME registered an interest in the case and submitted a fully completed contributor questionnaire.
51. We received comments from the CCCME following the publication of our SEF, which are detailed below in [Section D2.1](#) and [Section D3.3](#).

### **C3. How submitted data was used**

52. The TRA has used data submitted by cooperating parties as part of the evidence upon which we have based our assessments and formed our conclusions. We have not used any evidence submitted by parties that have been deemed non-cooperative by the TRA. We have compared submitted data against the totality of relevant evidence available to us including submissions from other interested parties and contributors, evidence from TRA data submissions, and publicly available data from governmental, industry and other sources.
53. We have also used submitted data to corroborate or gain a level of assurance as to that data itself, or other evidence either submitted to us or gathered by us.

### **C4. Verification of data**

54. We undertook verification activities in relation to the information provided by the cooperating interested parties, during which we assessed the completeness, relevance, and accuracy of that information. We have had regard to the information supplied by interested parties and contributors, provided that this:
  - complied with our statutory obligations and public guidance;
  - was verifiable;
  - could be used without undue difficulty; and
  - was supplied within an applicable time limit and in a form that the TRA requested.
55. The TRA conducted an onsite verification visit with the Applicant from 26 October to 29 October 2022.
56. The TRA conducted virtual verification activities with the SDG Group from 9 January to 13 January 2023.

57. The TRA conducted desk-based verification activities with the registered Turkish producers from 26 January 2023.
58. Verification reports were produced for each of the parties verified and non-confidential versions of these reports are available on the [public file](#).
59. Secondary source information was used in accordance with the Regulations. This secondary information was treated with special circumspection and, where practicable, verified using independent sources. This included, but was not limited to, official import statistics and data pertaining to relevant markets. Where data has not been considered to be verifiable, we have highlighted the areas and drawn conclusions where possible.

## Section D: Publication of the PAD and SEF

### D1. Overview

60. On 9 June 2023, the TRA published the [PAD](#) and the [SEF](#) for AD0021. The TRA revised the formatting of the SEF following publication and the SEF was republished on 12 June 2023 accompanied with a [note to file](#).
61. The SEF was published in accordance with regulation 62 of the Regulations.
62. Following publication of the PAD and the SEF, we invited interested parties, contributors and any other person who supplied information to the TRA to make submissions in response. The deadline for submission of comments was 23:59 hours on 9 July 2023, in accordance with Regulation 62(2) of the Regulations. This deadline was extended to 23:59 hours on 18 July 2023 for a number of parties as notified on the public file following deadline extensions made on [22 June](#) and [27 June 2023](#).
63. The TRA received submissions with comments from:
  - CCCME
  - The Applicant
  - The GOC
  - SDG Group
64. These submissions have been published on the public file and are summarised and addressed in this Final Determination.

## D2. PAD comments

### D2.1 CCCME

65. CCCME submitted an initial document of comments dated 26 June 2023 on 27 June 2023, which was published to the [public file](#) on 30 June 2023.
66. CCCME submitted additional comments about the PAD and SEF on 18 July 2023 and the submission was published on the [public file](#) on 20 July 2023. We have responded to all comments about both documents in [section D3.3](#).
67. CCCME made only one reference to the PAD findings in their submission, stating in 4.4.1 that Table 7 within the PAD demonstrates that the TRA must conduct non-attribution analysis on the effect of other domestic producers within causation analysis. The TRA has considered this statement in [section H7.7](#), where we outline our analysis of this area and conclude that we do not consider this factor to break the causal link between injury and dumped imports of OFC from the PRC.

### D2.2 The Applicant

68. The Applicant submitted comments about the PAD on 6 July 2023 and the submission was published on the [public file](#) on 11 July 2023. The Applicant stated it supports the proposed anti-dumping measure and the level of duty stated within the PAD despite it being lower than the 94% duty rate estimated within its application.
69. Two issues were raised by the Applicant in relation to the PAD. Firstly, the TRA did not compare land prices, rent rates or energy prices to an international benchmark. These comments have been addressed in [section G3.3: Provision of land](#) and [section G3.5: Energy costs](#).

70. Secondly, the Applicant stated that the SEF was contradictory in stating that these areas of PMS did not merit further adjustment of the proposed measures. The TRA maintains that the PAD is an initial indication of the TRA's findings. At the time of drafting the PAD the TRA had evidence that suggested the land market and energy prices in the PRC reflected non-commercial factors. However, further work was needed to establish if either factor affected the production costs of OFC producers in the PRC. Therefore, the SEF was not contradictory in its findings but represents the TRA's most recent findings.

## **D2.3 The GOC**

71. The GOC submitted comments through MOFCOM about the PAD on 14 July 2023 and the submission was published on the [public file](#) on 20 July 2023. As this submission commented on both the PAD and SEF simultaneously, we have responded to all comments about both documents in [section D3.4](#).

## **D2.4 SDG Group**

72. The SDG Group submitted comments about the PAD on 17 July 2023 and this was published on the [public file](#) on 20 July 2023. The submission states that "Considering findings of PAD are largely reflected in the SEF, the submission will in general be focused on the SEF", so we have responded to all comments not specifically made to the PAD in [section D3.2](#).
73. The only comment that related to the findings of the PAD concerns the determination of a reasonable level of profit. This is addressed in section G7: reasonable amount for administrative, selling, and general (AS&G) costs and profit.

### **D3. SEF Comments**

74. The following submissions were received by the TRA and have been published to the to the [public file](#). The section below discusses the points raised by the various parties and how we have considered them.

#### **D3.1 The Applicant**

75. The Applicant did not submit separate comments about the SEF. However, the submission made in relation to the PAD also contained some comments relevant to the SEF. The comments from the Applicant are discussed in [section D2.2](#).

#### **D3.2 SDG Group**

76. The SDG Group submitted comments about the SEF on 17 July 2023 and the submission was published on the [public file](#) on 20 July 2023. As stated above in [section D2.4](#), the SDG Group commented on both the PAD and SEF in the same submission, so the combined comments will be addressed in this section.
77. The comments related to four sections which concerned: the definition of the UK industry, the sampling procedure, the PMS determination, and the determination of the dumping margin. Where analysis and findings altered as a result of SDG Group's submission, we have referred explicitly to the submitted comment.
78. The comments concerning the definition of the UK industry questioned the CRU International Limited ('CRU') data used to estimate the UK industry, and the extent to which OFC producers other than the applicant were contacted during the investigation. The TRA attempted to contact other likely UK producers of OFC during the investigation by inviting them to register to the case. No response was received and therefore no additional OFC producers in the UK participated in the investigation. Other UK producers were therefore deemed to have not expressed opposition to the application or the proposed measure based on this lack of response.

79. In the absence of participation from other UK producers of OFC, CRU data about the UK OFC industry was used to estimate the Applicant's percentage of UK production of OFC. The raw CRU data was requested during verification of the Applicant's data, and the accuracy of the estimated production values against the Applicant's was confirmed during that verification. This provided sufficient assurance that the data was an accurate estimation of overall production levels. The definition of the UK industry is compliant with UK legislation and therefore we have not changed our definition within this final determination.
80. The comments in reference to the sampling process state that the TRA did not comply with articles 4.1, 5.4, 6.10, 6.10.1, 9.3, and 9.4 of the Anti-dumping Agreement (ADA) when sampling exporters as no re-sampling was conducted after YOFC and ZTT were deemed non-cooperative with the investigation. Details of the sampling process followed is detailed in [section C.2.2](#). However, the comments were based on an incorrect reading of the investigation's timeline. As confirmed in the SEF, ZTT informed the TRA on 27 July 2022 that it would not respond to the questionnaire after the period for completing questionnaires had closed, not on the 27 June 2022 as stated by the SDG Group. There was no resampling after ZTT was deemed to be non-cooperative as this would have required an additional sampling process and granting the newly sampled exporters sufficient time to complete questionnaires. This would have unreasonably delayed the investigation's timescales.
81. Interested parties were invited to consult following the publication of the proposed sample to the [public file](#) on 20 June 2022. No responses were received requesting amendments to the sample before the deadline of 26 June 2022. The TRA republished their proposed sample to the [public file](#) on 4 July 2022 after YOFC stated they would not respond to the questionnaire. The notice confirmed that additional exporters could request individual margins if relevant information was submitted in time to be considered during the investigation, indicating extended consultation with parties to construct the sample. No additional requests for individual margins were received thus we maintained our sample of

the SDG Group and the ZTT Group. ZTT Group subsequently sent an email confirming they would not cooperate on 27 July 2022, resulting in the sample of the SDG Group only.

82. The comments made in reference to PMS relate to the TRA's findings in support of the PMS determination, the impact of government support on the OFC market in the PRC, the degree to which there is state influence and control within the OFC market in the PRC, and the alleged subsidy programmes used to support PMS analysis. Clarification and additional information in response to these comments is given throughout [section G3: Particular Market Situation](#). The analysis and findings in respect to PMS have not changed as a result of the SDG Group's submission.
83. The comments made in reference to the dumping margin relate to errors that the SDG Group identified in the dumping margin calculation and the adjustments made within that calculation. The corrections to the dumping margin and the use of adjustments are detailed throughout [section G: Dumping](#). This has resulted in an amended dumping margin which differs to the proposed measure stated within the SEF.

### **D3.3 CCCME**

84. CCCME submitted comments about the SEF on 18 July 2023 and this was published on the [public file](#) on 20 July 2023. As stated above in [section D2.1](#), CCCME commented about the PAD and SEF simultaneously, and those comments will be addressed in this section.
85. The comments related to four areas: procedural issues; findings relating to PMS and construction of normal value inconsistent with WTO; injury; and causation and non-attribution. Where analysis and findings altered because of CCCME's comments, we have referred explicitly to the submitted comment in the relevant section.

86. CCCME reiterated that the procedural issues raised in its submission dated 26 June 2023 have not been resolved by the TRA following our response to this submission on 30 June 2023. These comments stated that the TRA did not follow proper procedure in relation to giving sufficient time to comment on the PAD and SEF, the disclosure of essential facts relied on in the SEF to calculate duties and reach determinations, and that additional information must be disclosed before a final determination is made.
87. The TRA has complied with all public file requirements and obligations under domestic legislation and WTO agreements such as the ADA in the presentation and disclosure of essential facts, and therefore we have not disclosed further information as requested by CCCME in the interest of maintaining our obligations of confidentiality. In the absence of any evidence that the correct procedure has not been followed, no changes to the final determination have been made based on these comments.
88. CCCME raised issues about the evidence used in our PMS analysis within the SEF, specifically around the evidence base and inconsistencies with WTO requirements within the ADA. CCCME alleges that there should have been proper comparison between normal value and export price, and that the rejection or adjustment of exporter's actual costs and prices is not consistent with articles 6.9, 5.2, 2.2.1 and 2.2.2 of the ADA. Clarification and additional information in response to these comments is provided throughout [section G3: Particular Market Situation](#). The analysis and findings in respect to PMS have not changed because of the CCCME submission.
89. CCCME also commented on injury, causation and non-attribution related to the definition of the UK industry, the assessment of import volumes from the PRC, price undercutting and depression analysis, the analysis of the state of the UK industry, issues with individual injury factors and interaction between multiple injury factors. The comment concerning the definition of the UK industry is

addressed in [section F1](#), and all injury and causation comments are addressed within [section H: Injury](#).

### **D3.4 The GOC**

90. The GOC submitted comments about the SEF through MOFCOM on 14 July 2023 and the submission was published on the [public file](#) on 20 July 2023. As stated above in [section D2.3](#), the GOC commented about the PAD and SEF simultaneously, so the combined comments will be discussed in this section.
  
91. The GOC comments are concerned only with the analysis of PMS within the SEF and the evidence used for the PMS assessment. The GOC commented that there should have been a proper comparison between normal value and export price, and that the rejection or adjustment of the exporter's actual costs and prices is not consistent with the WTO agreement articles 2.2, 6.5.1, 6.9, and 12.2 of the ADA. The submission mirrors the content of section 3 of CCCME's comments submitted on 18 July 2023 and addressed in [section D3.3](#), so our response to these comments simultaneously address comments made by CCCME.
  
92. Clarification and additional information in response to these comments is provided throughout [section G3: Particular Market Situation](#). The analysis and findings in respect to PMS have not changed as a result of the GOC submission.

### **D4. Additional requests for information**

93. Following publication of the SEF, requests were received from the SDG Group and CCCME to view the dumping calculation within the PAD and SEF, as well as disclosure of the CRU data to check the calculation of the injury margin.

94. A weighted average dumping duty was calculated for the SDG Group but it requested separate dumping calculations for SDG and SDGI. This request was granted, and each sampled overseas exporter was provided with their individual dumping calculation, resulting in the amendments detailed in [section G: Dumping](#).
95. Further requests for additional information by CCCME have been considered but did not result in the disclosure of additional information on the grounds that the requested information has either already been made available within the SEF or cannot be disclosed to all interested parties on the grounds of confidentiality. We have clarified relevant information in this final determination in response to this submission.
96. CCCME requested clarification as to why certain data forming the basis of PMS and injury determinations was not disclosed within the PAD or the SEF. The TRA reiterates that UK production and consumption data was indexed as disclosing it would reveal confidential production information submitted by the applicant to the TRA, and disclosing this data to other interested parties would breach our obligation to confidentiality in certain areas.

## Section E: The goods concerned and the like goods

### E1. Legislative framework

97. The goods concerned are defined in regulation 2 of the Regulations as “the goods described in the relevant Notice of Initiation of a dumping investigation under regulation 65(1) [of the Regulations]”.
98. In accordance with paragraph 17(2) of Schedule 4 to the Act, the goods to which a final affirmative determination is made are referred to as the “relevant goods”. Since the goods to which our final affirmative determination and recommendation apply are the same goods as defined in [Section E2](#) this final determination will hereafter only refer to the “goods concerned”.
99. For the purposes of the final determination, we will refer to “like goods” as those which are like the goods concerned in all respects or have characteristics which closely resemble them (paragraph 7 of Schedule 4 to the Act). A further description of the like goods is set out in [Section E3](#) and the assessment of the goods concerned is set out in [Section E2](#).

### E2. Goods concerned

100. The goods concerned in this investigation are OFC originating in the PRC and exported to the UK is defined in [section B2: Scope](#).
101. Within the NOI, the goods concerned are noted to be subject to the commodity code 854470 00. As the description in the NOI aligns with the description for commodity code 854470 00 10, the investigation has considered the goods concerned at a 10-digit level and the measures will apply for commodity code 854470 00 10.
102. OFC are made from:

- optical fibres;
- fibre module(s);
- a construction core;
- cable jacket(s); and
- reinforcements not in the cable jacket.

103. Types of optical fibre typically used are G.652 (D) and G.657 (A1 / A2).

Reinforcements can include aramid yarn, polyester, or coated steel wires.

Polymers such as polyethylene can form the basis for the cable jacket. Coating materials can also be a key input for optical fibre cables.

104. OFC are used for data transmission, namely in outdoor applications, which include underground cables such as:

- a) Loose Tube – commonly used in the UK, constructed of a central tube or multi-tubes stranded around a central element with one or more plastic jackets and different types of reinforcements or protection.
- b) Flexible Tube – commonly used in the UK, based on the use of flexible tubes, which contain the fibres, are protected with one or two plastic jackets and different types of reinforcements or protection.

105. Additionally, they can be used overground as aerial cables such as:

- a) Optical Power Ground Wire - installed on the top of the overhead transmission lines on towers or poles;
- b) All Dielectric Self Supporting - these can be installed in the bottom part of the overhead transmission lines or in the poles of any existing infrastructure.

106. OFC are also used for indoor applications such as:

- a) Riser Cables – for cabling multi-dwelling unit homes. The riser cables are used to vertically connect the basement with all floors of the building.
- b) Drop Cables - typically used to connect the end-user's premises. These cables are typically indoor cables although outdoor versions are also available.

### **E3. Like goods**

107. Like goods are defined as goods which are like the goods concerned in all respects or, if there are no such goods, goods which, although not alike in all respects, have characteristics closely resembling the goods concerned under paragraph 7 of Schedule 4 to the Act.

108. In identifying like goods, the TRA has considered:

- physical likeness, such as physical characteristics;
- commercial likeness, including competition and distribution channels;
- functional likeness, such as end-use or interchangeability;
- similarities in production, such as method and inputs; and
- other relevant characteristics.

109. The like goods produced by UK industry are OFC that have the same general construction as the goods concerned. They are also used for the same applications named in [E2: Goods concerned](#).

110. The standards in respect of OFC are set by [The International Telecommunication Union](#) (ITU), the specialised agency of the United Nations that is responsible for issues pertaining to information and communication technologies and assists in the development and coordination of technical standards. OFC comply with

customer technical specifications often stipulated within the tenders but must meet the relevant international standards established for this product sector. Therefore, the TRA has determined that the goods concerned and the like goods are comparable.

#### **E4. Unit of Measurement**

111. The international standard uses distance as an indicator of measurement of volume within the OFC industry instead of weight; the standard unit being either cable kilometres (ckm) or fibre kilometres (fkm). We have used fkm for much of the injury assessment for consistency purposes, whilst ckm is used for analysis of injury to productivity, growth, and output and production capacity as these trends are able to be shown without need for conversion.

#### **E5. Product Control Numbers**

112. The TRA uses Product Control Numbers (PCNs) to define and group different types of products that are defined in the goods concerned description above in [Section E2](#), to ensure that the prices of similar products are compared during any calculations.
113. PCNs are created on the basis of the main physical characteristics differentiating the goods, providing that the characteristics have an impact on price.
114. PCNs allow the TRA to calculate the dumping and injury amounts (see [G10: dumping margins](#) and [H9: Injury amount](#)).
115. The PCN structure used in this case can be seen in [Annex B: PCN Structure](#).
116. The TRA invited parties to comment on the PCN structure. No comments were received from interested parties on this PCN structure therefore this PCN structure was determined to be suitable for the purposes of this investigation.

117. The TRA had reasonable assurance that parties had allocated PCNs consistently within their submissions, and where anomalies were identified this was addressed with the parties.

## **E6. PCN analysis**

118. In our calculations, we used the methodology of conducting a PCN-by-PCN margin calculation. When calculating the injury margin, PCN-by-PCN calculations were conducted for PCNs that were both sold in the UK as domestically produced like goods and exported from the PRC to the UK as the goods concerned. When calculating the dumping margin, PCN-by-PCN calculations were conducted for PCNs that were sold by the exporter both in the PRC and the UK. We determined that the PCNs included in our calculations were sufficiently representative to proceed with this methodology.

## Section F: The UK industry and UK market

### F1. Scope of the UK industry

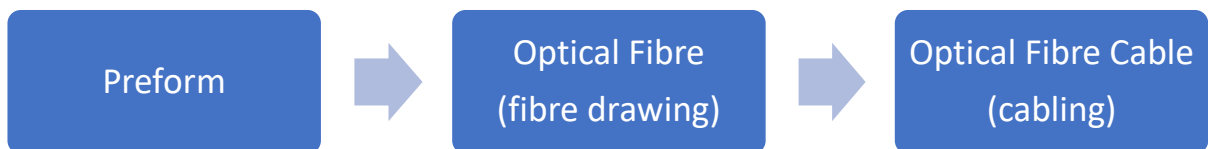
119. In accordance with paragraph 6 of Schedule 4 of the Act, the “UK industry” is defined as:
- a) all the producers in the United Kingdom of the like goods, or
  - b) those of them whose collective output of like goods constitutes a major proportion of its total production in the United Kingdom of those goods.
120. There is one confirmed producer of OFC in the UK, the Applicant, with three other possible producers who are not involved in the investigation: AFL Europe, Leviton Manufacturing UK Limited and TE Connectivity. We have been unable to confirm UK based production levels of the three companies above.
121. Our research suggests that Leviton, based in Glenrothes import goods through commodity code 85447000 from a number of different countries. Through its [own 2022 catalogue](#), Leviton state that it is “a single-source global manufacturer”, where components come from Leviton factories. Leviton possibly design and assemble OFC based products in the UK but the OFC themselves may be imported as finished goods.
122. The UK operations of TE Connectivity appears to consist of a holding company for companies incorporated outside of the UK, with no employees other than directors. Tyco Electronics UK Ltd, a related UK incorporated company with a common ultimate parent company and identical directors, appears to focus on “subsea fibre optic communications” which would be outside the scope of the investigation.
123. The applicant’s volume of production has been used together with CRU data which demonstrates that during the POI their production accounted for more than 50% of the overall UK production.

124. In response to a comment by CCCME regarding the definition the UK industry and as mentioned above in [section C2.1](#), attempts were made to contact other UK producers of OFC during the investigation by inviting them to register to the case, but no additional producers of OFC responded. Therefore, CRU data on estimated production per facility was used for the above calculation. The raw CRU data was requested during verification of the Applicant's data, and we were able to confirm the accuracy of the estimated production values against the Applicant's data. This reassured us that the data was a reasonable estimation of overall UK production levels.
125. CRU provides business intelligence on the world and UK optical fibre market and is recognised as a reliable data source within the OFC industry. The underlying data is accessible via subscription only and has therefore not been disclosed due to confidentiality.
126. The Applicant meets the definition of "UK industry" under paragraph 6(1)(b) of Schedule 4 to the Act and will therefore be treated accordingly for the purposes of this investigation.

## F2. Production processes

127. The UK industry's production process of OFC is as follows:

*Figure 1: Diagram of production*



*Source: Questionnaire response*

- Preform: The cylindrical core of the OFC is produced by depositing layers of silicon dioxide on the inner surface of a rod.

- Fibre drawing: A preform tip is melted and then cooled to form a thread like fibre.
- Cabling: The optical fibres are covered by tubes/modules and a single jacket or multiple jackets to protect the fibre within the cable against the surrounding environment. The type of material used for cable jacketing depends on the cable's application requirements. Armouring, as well as added strength elements, can be added. The armouring layer can be made of corrugated metallic tape or a dielectric fibre layer.

### **F3. UK Market**

128. The UK market for the goods concerned is mainly driven by network operators who build and maintain the broadband infrastructure and sell the use of the UK's network to consumers. They purchase OFC to expand or maintain the network to accommodate the needs of broadband service providers.

129. There are two main distribution channels. OFC are either sold through a tendering process, generally organised by telecom operators, or through spot sales/projects to the general market (which includes sales to distributors and installers). Broadband operators usually purchase optical fibre cables through tenders which are issued either on a yearly basis or every two to three years. Participation in tenders is usually by invitation with one or more negotiation rounds, lasting one to three months.

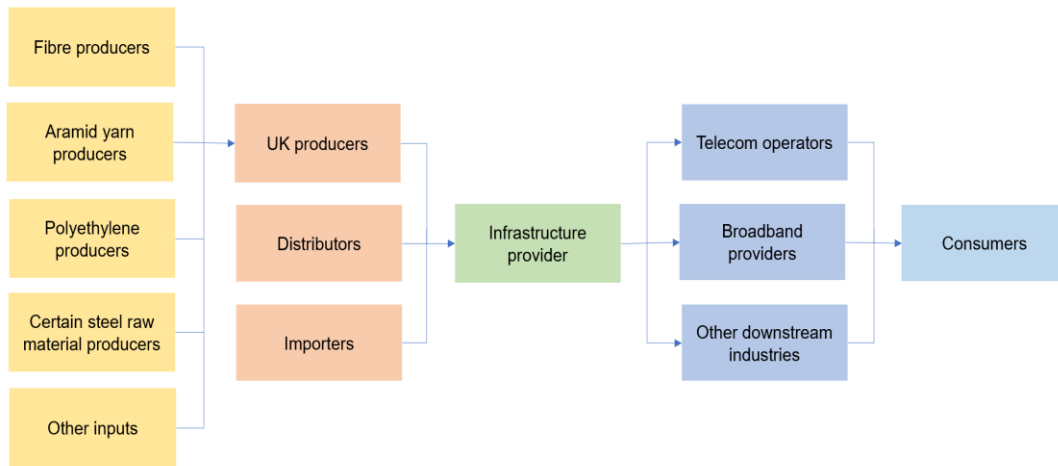
### **F4. Market structure**

130. Figure 2 (see below) illustrates the supply chain for OFC in the UK, detailing the main upstream industries and the structure of the market between production and consumption. This is a simplified version of a complex supply chain, due to some businesses falling into more than one category. For example, the UK

producers also import and distribute OFC. Importers can also act as distributors, and some telecom operators also import OFC.

131. The available evidence suggests that OFC tenders are generally awarded based on price. The second sales channel involves distributors and installers in the general market, whereby OFC are purchased as needed or in relation to particular projects. The Applicant questionnaire response suggests 70% of sales are through tenders and 30% of sales through distribution.
132. The OFC infrastructure needs to be installed and maintained as it is essential for downstream industries to provide services to final consumers. Although the infrastructure provider usually operates separately whilst working closely with downstream users, in some cases the downstream user industries install and maintain the OFC infrastructure.
133. The main downstream user industries include telecommunications and broadband service providers, who use OFC to carry information as a service to final consumers. Other downstream uses of OFC include cable TV, underground cabling, aerial cables, and power cables.
134. While OFC are not considered to be a consumer product, consumers purchase services that use them as an input, such as broadband.

Figure 2: An overview of the OFC supply chain



Source : Questionnaire responses

## F5. Market size

135. CRU market research has estimated that approximately 5.7 million fkm were sold in the UK in 2021, which represent UK producer sales plus imports of the goods concerned. This equates to £69m (\$86m) sales value.

## F6. Market analysis

136. The UK market is expected to see an increase in demand for OFC over the next five years. Telecommunications companies are expected to continue to upgrade their networks as demand for broadband increases. Government investment in broadband infrastructure, such as “Project Gigabit”, is also projected to rise and propel industry revenue growth. [Project Gigabit](#) was launched in 2021 and is a project designed to bring fast broadband speeds to more than one million hard to reach homes and businesses.

137. The [Office for Communications \(OFCOM\)](#) stated in 2022 that 99.7% of fixed locations in the UK have at least 10Mbit/s download and 1Mbits/s upload speed broadband coverage in 2022, with 42% of UK premises having access to full fibre broadband in 2022 (a 14% increase in coverage from 2021). This indicates

a large customer base for the end use product of OFC and a broadband network that is rapidly developing with OFC as a key input.

138. [Section H](#) addresses relevant historical market trends in detail as part of our injury assessment.

## **F7. Sources of supply**

139. UK consumption of OFC is sourced from a wide range of suppliers, with UK produced OFC estimated to account for around 50% of overall UK production (see [section F1: Scope of the UK industry](#)). The rest of the market is supplied by imports which predominately arrive from the PRC, India, USA, Poland, and Germany (based on [His Majesty's Revenue and Customs \("HMRC"\) data](#)). The PRC is estimated to account for 18.8% of total imports of OFC during the IP. India, USA, Poland, and Germany collectively account for 44% over the same period. The remaining imports are accounted for by sixty-nine other countries, that collectively account for 37% of the total imports over the IP.

## **F8. Competition in the market**

140. The main purchasers of OFC with the UK are telecommunications installers who drive the market consumption and hold the lucrative tendering processes. There are three main installers in the UK, namely, BT (Openreach), CityFibre, and Virgin Media all of whom build the vast amount of cable network, which incorporate OFC and also provide internet service directly to customers. Additionally, they have the ability to rent network access to network operators (including TalkTalk, Vodafone, and Sky Broadband). Distributors, (including Comtec, Mills and Wolseley) also purchase OFC for resale to alternative network operators (including Axione, Community Fibre, and Jurassic Fibre), who are building their own network and contributing to the expanding UK competition in broadband service delivery.

141. The TRA attempted to contact all identified installers, network operators, distributors, and alternate network operators during the course of the investigation. We received responses only from BT, which registered its interest in the case but was eventually deemed to be non-cooperative during the course of the investigation.

## Section G: Dumping

### G1. Introduction to dumping

142. As defined in paragraph 1(1) to Schedule 4 to the Act, goods are “dumped” in the UK when goods are imported into the UK and their export price is less than their normal value.
143. Paragraph 1(2) of Schedule 4 to the Act defines the “normal value” of goods as:
- a) the comparable price, in the ordinary course of trade, for like goods when destined for consumption in the exporting foreign country or territory, or
  - b) such other price or value as may be determined in accordance with provision made by regulations for specified cases where it is not appropriate to use the price in paragraph (a).
144. Regulation 15 (1) of the Regulations defines the “export price” as the price the goods concerned are sold for, or the agreed price at which they are to be sold, to either:
- a) an importer in the United Kingdom; or
  - b) a third party outside of the United Kingdom for export to the United Kingdom (“third party”).
145. The dumping margin is the difference between the export price and the normal value of the goods being dumped into the UK, described as a percentage of the export price at a level of the cost of insurance and freight (CIF).
146. The TRA has calculated dumping margins in accordance with paragraph 2 of Schedule 4 to the Act and regulation 6(2) of the Regulations. Calculating the dumping margin involved the following stages:
- calculating the normal value of the goods concerned;

- determining the export price;
- ensuring a fair comparison between the normal value and the export price;
- calculating the dumping margins

147. The TRA based the dumping margin on verifiable data provided by the SDG Group. During verification the SDG Group reclassified certain PCNs for certain goods. Whilst this meant some cost to make and sell data was reallocated, changes were minimal and did not have a material effect on the dumping margins.

## **G2. Normal value**

148. The TRA assessed whether the goods concerned were being dumped into the UK in accordance with paragraphs 1(1) and 8(1)(a) of Schedule 4 to the Act.

149. In accordance with regulation 6(1) of the Regulations, Part 2 of the Regulations applies where the TRA is required to determine whether goods have been or are being dumped into the UK in accordance with paragraph 1 of Schedule 4 to the Act. To make such a determination the TRA must determine the normal value of the goods concerned in accordance with regulation 6(2)(a) of the Regulations.

150. In accordance with regulation 7(1) of the Regulations, the TRA must use the comparable price to determine the normal value unless it is not appropriate to use that price.

151. Regulation 7(2) of the Regulations sets out the circumstances in which it is not appropriate to use the comparable price to determine the normal value of the goods concerned. This includes where, because of a particular market situation (PMS) or the low volume of sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison between the like goods

destined for consumption in the exporting country or territory and the goods concerned.

152. Regulation 7(4) of the Regulations sets out that for the purposes of paragraph 7(2)(b), a PMS includes situations where prices are artificially low, there is significant barter trade, or prices reflect non-commercial factors.
153. The Applicant made allegations of a PMS in the OFC domestic market in the PRC, on the basis that market conditions, and in particular costs and prices, are not determined by market forces of supply and demand but, rather, are distorted by the intervention of the State in the economy. The TRA investigated these allegations to determine if a PMS exists in the OFC market in the PRC and whether this prevents a proper comparison. The TRA's assessment of PMS is detailed in [Section G3: Particular Market Situation](#).
154. Following these assessments, the TRA concluded that a PMS exists in the domestic market for OFC in the PRC, as the price of OFC reflects non-commercial factors, as a result of government influence and control in optical fibre, bank loans, and provision of land (see [G3. Particular Market Situation](#) for more details).
155. The TRA considered whether the PMS in the OFC market in the PRC prevents a proper comparison between the like goods in the PRC and the goods concerned (i.e., OFC imported into the UK from the PRC).
156. The TRA determined that the prevailing conditions of competition differ between the UK OFC market (the PRC export market) and the domestic OFC market in the PRC, because of the PMS which is reflected in the factors mentioned in paragraph 154. This prevents a proper comparison due to the domestic prices not being reflective of market conditions, while the export prices are affected by the market conditions within the UK.
157. The GOC and CCCME commented that the alleged differences in conditions of competition between the UK and PRC OFC market is irrelevant and referred to

the WTO [Panel in DS529 Australia — Anti-Dumping Measures on A4 Copy Paper](#) (the Panel in A4 Copy Paper).

158. The TRA has considered the GOC and CCCME's comments. When conducting the proper comparison assessment the TRA has had regard to the findings of the Panel in A4 Copy Paper. In paragraph 7.80 of their report the Panel stated that "how domestic prices and export prices of an individual exporter are affected notwithstanding an equal decrease in input costs, is likely to depend significantly upon a number of factors, *including the prevailing conditions of competition in each market*" (emphasis added).
159. The TRA has considered the prevailing conditions of competition in each market in line with the findings of the Panel in A4 Copy Paper.
160. The differing conditions of each market are highlighted through the import and export levels of each country. In the UK market there is a relatively large amount of competition through imports, estimated at around 50% of the UK market during the POI. This was calculated using the CRU's "Telecom Cables Market Outlook 2021" report, together with HMRC import statistics.
161. The GOC and CCCME commented that the TRA has not considered the number of OFC producers in the OFC market in the PRC in comparison to the UK.
162. The TRA recognises the difference in size of the domestic market in the PRC in comparison to the UK market. However, the UK market is open with a high level of imports, whilst the domestic market in the PRC is closed with a low level of imports. The size of the domestic market in the PRC is not a relevant factor, as all producers of OFC in the PRC have access to inputs that reflect non-commercial factors, as well as other subsidies that are present in the PRC.
163. The TRA considered imports and exports of OFC in the PRC market, using goods traded under the harmonised system (HS) 8 code. The HS is a standardised numerical method of classifying traded products. The PRC market by contrast to the UK market, exports well over 100% more goods under HS 8,

than it imports. This is supported by the fact that the PRC is the world's largest producer of OFCs, consistently producing above 50% of global output, according to CRU's "Telecom Cables Market Outlook 2021" report.

164. OFC producers in the PRC appear to consistently make more product than is demanded in their domestic market. When factored in with the price of optical fibre, loan interest rates and provision of land, which reflect non-commercial factors and are available to OFC producers in the PRC, this results in lower prices for buyers of OFC. There is then little incentive for companies or government authorities to import OFCs into the PRC.
165. Any competition that is present within the PRC market benefits from access to the inputs that reflect non-commercial factors, as well as other subsidies that are present. Competition within the PRC is different to that which is present in the UK OFC market in which the goods concerned are competing, with the PRC domestic market not responding to the same market forces. Prices in the PRC are not driven solely by consumer demand, but also by government industrial strategy and economic plans which give different incentives to those operating in the market (as discussed in [Section G3.1 Government Support](#)). This leads to excess of production over and above the domestic demand for OFC in the PRC.
166. The GOC and CCCME commented that the cost of raw materials impacts both domestic and export sales equally, meaning there is no impact on the comparison of normal value and export price.
167. The TRA considered the GOC and CCCME's comments. In paragraph 7.76 of their report, the Panel in A4 Copy Paper found that "[w]hile a particular market situation may have an effect on both domestic and export prices, it does not follow that the impact on domestic and export prices will be the same."
168. In paragraph 7.80 of their report, the Panel in A4 Copy Paper found that "how domestic prices and export prices of an individual exporter are affected notwithstanding an equal decrease in input costs is likely to depend significantly

upon a number of factors..... We consider that an exporter may find itself with different options in respect of how to take advantage of an input cost decrease depending on market conditions in each market.”

169. The TRA has found that the PMS has a larger or exclusive impact on the domestic price, for the reasons set out below.
170. Since almost all of the OFC supply in the PRC is domestic and producers have access to many of the same (or equivalent) low-priced inputs (as mentioned in [G3.7. Raw material costs](#)) and subsidies (as mentioned in [G3.1 Government Support](#)), there is scope to make a profit both through domestically sold products and exports. When competing internationally, these reduced prices allow PRC producers to gain market share abroad in markets where competitors do not benefit from an artificially low cost base.
171. The TRA concluded that the export price and comparable price are driven by different considerations which means it is not possible to conduct a proper comparison.
172. Where it is not appropriate to use the comparable price, the TRA must determine the normal value of the goods in accordance with regulation 8 of the Regulations.
173. The TRA calculated the normal value of the goods concerned by determining the costs of production plus a reasonable amount for AS&G costs and profit in accordance with regulation 8(1)(a) of the Regulations. Full details are presented in [Section G4. Constructed Normal Value](#).

### **G3. Particular market situation**

174. As set out in paragraph 153 the applicant made allegations of a PMS in the OFC domestic market of the PRC and provided evidence to support these allegations.
175. The allegations were in relation to:

- Government support;
- State influence and control;
- Land;
- Bank loans;
- Energy cost;
- Labour cost and policy;
- Raw material cost.

176. Questions relating to PMS were included in the questionnaires issued to overseas exporters in the PRC. The TRA also invited the GOC to respond to a questionnaire concerning the alleged existence of non-commercial factors affecting the OFC market in the PRC on 6 July 2022. No response to the questionnaire was received. Accordingly, the GOC were notified that for the purposes of the investigation it was deemed to be non-cooperative and facts available have been used.

177. The GOC and CCCME commented that the TRA's use of facts available is required to be consistent with Article 6.8 and Annex II of the Anti-Dumping Agreement. They submit that the TRA has used inaccurate information and that conclusions are based on assumptions or general policies.

178. The TRA considers that where it has made a determination on the basis of information obtained from secondary sources it has done so with special circumspection and where practicable verified such information from independent sources, in accordance with regulation 47 of the Regulations.

179. The TRA investigated the allegations of PMS to assess the validity of the claims and determine whether the overseas exporters' prices are artificially low or reflect non-commercial factors and cause a PMS in the domestic OFC market in the PRC, to the extent that they do not permit a proper comparison.

180. The SDG Group (via its representative Chance Bridge) assert that the TRA failed to provide an adequate opportunity to actively engage the SDG Group on the

allegations of a PMS. It posits that during the investigation, in particular the while online verifications took place, the TRA did not raise any questions relating to PMS or request further information or documentation with respect to PMS.

181. The TRA rejects this claim on the basis that adequate opportunity was provided to SDG to supply information relating to PMS. Questions relating to PMS were included in the questionnaires issued to the SDG Group. The TRA considered the SDG Group's response to the PMS questions, and this was reflected in our assessment. The TRA responded to the SDG Group's comments on the SEF. Additional information such as land use costs and breakdown of energy costs was also requested during the verification process which was used in the overall PMS assessment. We also clarify that the purpose of the online verifications was to gain assurance that the SDG group's data was complete, relevant, and accurate rather than raise questions with the intention of gaining further information in relation to PMS.

### **G3.1 Government support**

182. There is significant evidence of government support to producers of OFCs in direct forms, such as provision of land (see [G3.3 Provision of land](#)), grants (see paragraphs 186 to 188), loans (see [G3.4. Provision of bank loans](#)) and reduced enterprise income taxation rates, encouraged through [the Enterprise Income Tax Law of the PRC](#).

183. Government support also comes indirectly through other subsidies such as low interest loans from commercial banks influenced by government and reduced taxation rates. As well as GOC legislation that underpins various grant programmes, such as the [Shenzhen Enterprise Research and Development Project and High-tech Enterprise Cultivation Project Funding Management Measures](#), there is direct evidence of OFC companies in the PRC receiving these loans and grants, as detailed in their financial reports.

184. CCCME requested that the TRA provide the direct evidence referred to in the paragraph above. As the sampled cooperating exporter's financial accounts are confidential the TRA is unable to disclose these. However, there is evidence of OFC producers receiving government grants in publicly available financial accounts.
185. [YOFC](#) is one of the world's largest optical fibre and OFC producers. YOFC's [financial accounts for 2021](#) confirm that the company had 278,654,701 RMB of deferred income in government grants, and 76,787,615 RMB of government grants under 'other income' at the end of 2021. Using the 2021 annual average spot exchange rate from the [Bank of England database](#) this equates to approximately 43 million USD and 11 million USD, respectively.
186. ZTT is another major optical fibre and OFC producer in the PRC. In 2021 it [reported](#) approximately 26 million USD of government subsidies.
187. The TRA considers that along with the confidential sampled cooperating exporters' financial accounts, this is sufficient evidence of OFC producers in the PRC receiving government grants.
188. There are various GOC plans and industrial strategies that provide the political basis for these support programmes, as detailed in the sections below. Although these are generally phrased in terms of aims and ambitions for the GOC rather than explicit actions, they form the basis of government support in the PRC.
189. CCCME requested that the TRA provide the "various GOC plans and industrial strategies" that are referenced in the paragraph above (and paragraph 117 of the SEF). Where GOC plans and industrial strategy have been used, they are named in the relevant paragraphs, and the link to the source is provided.
190. The GOC and CCCME queried how the 'GOC plans and industrial strategies' can form the basis of government support, when they are "generally phrased, rather than explicit actions."

191. The GOC and CCCME also commented on the TRA's use of the 'Broadband China Strategy' and the 'Dual Gigabit' plan asserting that the 'Dual Gigabit' plan is an infrastructure development plan and is not indicative of government support to the OFC industry in the PRC.
192. The TRA has considered the GOC and CCCME's comments and provided further detail in the paragraphs below.
193. Government plans and industrial strategies set out key goals, directions, specific priorities, and frameworks. These are then usually followed by detailed and implementation orientated plans. The plans utilise tools and measures such as government investments, R&D programmes, demonstration projects, tax incentives, financing support and human resources policies.
194. The GOC 2013 [Broadband China Strategy](#) stated that by 2020 "[t]he penetration rate of fixed broadband households [will reach] 70%, the penetration rate of 3G/LTE users [will reach] 85%, and the ratio of broadband access to administrative villages [will exceed] 98%."
195. [Made in China 2025](#) (MIC25) was officially launched in 2015 to support the development of advance industries and technologies in the PRC, including next-generation IT.
196. MIC25 has spread through to other major campaigns such as Internet Plus, China Standards 2035, and the [Action Plan for the Coordinated Development of "Dual Gigabit" Networks](#) (the Dual Gigabit Network plan) . All these plans feed into one another, forming a network of mutually reinforcing policies to accelerate the upgrade of the PRC's entire economy.
197. The [Dual Gigabit Network plan](#) published during the POI, indicates that, by the end of 2023, 80% of all households in urban areas of the PRC, will have access to gigabit optical fibre networks, that 25% of all broadband users in urban areas will have access to broadband networks of 500 Mbps or faster, and that 25% of

all passive optical network points in urban areas will have fibre link transmission rates of 10 Gbps.

198. These plans are relevant to the TRA's assessment, as OFC is a key component of internet network infrastructure, optical fibre networks and broadband internet.
199. The Dual Gigabit Network plan, described as an "action plan" is addressed to "all provinces, autonomous regions and municipalities directly under the Central Government". This will guide regional authorities to invest their budget to meet those goals and their own performance benchmarks.
200. [China Briefing](#) reported that at the 2020 National People's Congress, "the CCP announced that in addition to doubling down on its Made in China 2025 and China Standards 2035 initiatives, it would spend approximately 1.4 trillion US dollars on its digital infrastructure public spending program" (which includes areas such as 5G, the internet of things, industrial internet, AI, cloud computing, blockchain, data centres, and internet communication network infrastructure). As well as large-scale infrastructure builds, many opportunities exist within the supply chain (for example OFC as a key component to digital infrastructure).
201. [According to estimates](#) from analysts at the China Centre for Information Industry Development (CCID) Think Tank Electronic Information Institute (a government-affiliated think tank), as well as Haitong Securities, a major Chinese securities firm, the investment associated with new infrastructure projects is expected to total around RMB 10 trillion (1.43 trillion USD) to RMB 17.5 trillion (2.51 trillion USD) for the next five-year period until 2025.
202. As reported by the [State Council of the PRC](#), the PRC has 34 provincial-level administrative regions (comprising provinces, autonomous regions, municipalities directly under the Central Government, and special administrative regions). These province-level administrative regions are further divided into autonomous prefectures, counties, autonomous counties, and cities, which are further subdivided into townships, ethnic minority townships, and towns. Each of these

administrative units has the power to issue subsidies and other support programmes on an ad hoc basis as they see fit to meet the targets outlined in the industrial and other political plans.

203. China Briefing reports that [25 provinces](#) have launched their own local plans relating to digital new infrastructure. Among them is the Shanghai plan, which set the total investment target for the next three years at RMB 270 billion (38.7 billion USD), while Guangzhou signed 16 digital new infrastructure projects with a total investment of RMB 56.6 billion (8.09 billion USD).
204. The TRA has also found that OFCs are listed in numerous catalogues issued by the GOC including the [Catalogue of Industries for Foreign Investment Guidance 2017](#) and the [Catalogue of Guidance for Industrial Structure Adjustment Guidance 2019](#).
205. The GOC and CCCME queried the TRA's finding that the listing in these catalogues amounts to OFC producers receiving state support.
206. The Catalogue for the Guidance of Industrial Structure Adjustment consists of three categories – “encouraged”, “restricted”, and “obsolete” industries. The “encouraged” category refers to advanced technologies, equipment, products, and industries that play an important role in promoting high-quality economic and social development and need to be encouraged.
207. The status of OFC is relevant as the catalogue is [considered an important basis](#) for guiding the direction of domestic and foreign investment and guiding government agencies to manage local investment projects and formulate fiscal, tax, credit, land, import, and export policies.
208. The [catalogue of Industries for Foreign Investment Guidance](#) encourages foreign investment in certain industries. Favourable policies are in place for foreign invested projects that are encouraged. These policies include tariff exemptions on imported equipment, access to preferential land prices and looser regulation

of land uses, and lowered corporate income tax in the central, western, and north-eastern regions that meet the requirements.

209. The [2020 catalogue of Industries for Foreign Investment Guidance](#), which was implemented on 27 January 2021, lists the production of optical fibre (the main raw material input into OFC) and their products as an encouraged industry.
210. The TRA determined there is evidence that OFC companies within the PRC receive state support in a variety of forms. The SDG Group commented on the TRA's use of "alleged subsidies" in the context of a PMS analysis. OFC producers and producers of optical fibre are subject to plans of the GOC and as part of this they have access to government grants. The GOC plans and grants interfere with market forces, which affects the costs of production, and selling prices of OFC. Optical fibre and OFC producers reported receiving government grants during the POI in publicly available financial accounts, as well as in the confidential financial accounts of the sampled cooperating exporter which were determined to be verifiable by the TRA.
211. Specific cost inputs that the TRA has examined and associated evidence are explained in more detail in the sections below.

### **G3.2 State influence and control**

212. The TRA found evidence that the GOC has a controlling stake in at least two of the overseas exporters within the PRC.
213. [The website](#) of SDGI (accessed on 02 February 2023), states that they are "a state-controlled high-tech enterprise". Their 2020 financial statements also note that the "Supervision of State-owned Assets of Shenzhen Municipal People's Government" is the actual ultimate controller of the company. There is also at least one leading PRC politician and a senior member of the GOC holding either a director or board member position. The TRA determined that the GOC would have influence and control over company decisions.

214. [The website](#) of YOFC (accessed on 09 May 2023), states that they have three major stakeholders, two of which are subsidiaries of SOEs. [China Huaxin Post and Telecom Technologies Co., Ltd](#) which holds 23.73% of shares, is a subsidiary of [China Poly Group Corporation](#), an SOE. [Wuhan Yangtze Communications Industry Group Co., Ltd](#), which holds 15.82% of shares, is a subsidiary of [China Information and Communication Technologies Group Corporation](#) which is an SOE.
215. The GOC and CCCME commented that the TRA has not provided any evidence that the GOC's shareholding make them state-controlled and state-influenced.
216. The SDG Group commented that shareholding in a company does not necessarily and automatically mean an enterprise has a lack of independence in operating its business activities or is restricted to freely enter into commercial dealings to set negotiated prices.
217. The TRA considers that the GOC shareholding means that they are in a position where they can exercise influence and control, and this demonstrates the close association that the GOC has with the OFC sector, specifically regarding the sampled overseas exporters.
218. Whether or not the GOC holds a stake in companies, it is still able to influence private companies. The [Mercator Institute for China Studies conducted an analysis on MIC25](#). They report that the GOC has increased pressure on China's private sector to contribute to the MIC25 mission. As soon as a company becomes a leader in a sector of national strategic importance, it is expected to contribute to reaching national goals and to team up with the GOC by aligning investments and R&D closely with government policies.
219. The [website](#) (accessed 12 May 2023) of the ZTT Group (a private company) states that "ZTT has attracted the attention of the Communist Party and state leaders for its cross-domain development. The central, provincial and municipal leaders have inspected and given affirmation and encouragement to ZTT". An

[article](#) (accessed 12 May 2023) from the [Nantong China Government](#) quotes ZTT Group Chairman Xue Jiping as attributing the company's success to the Communist Party of China (CPC).

220. Additional evidence of state influence in the OFC sector in the PRC comes from market analysis provided by CRU's "Telecom Cables Market Outlook 2021".
221. The GOC, CCCME and the SDG Group requested the 'additional evidence of state influence in the OFC sector in the PRC' from the CRU analysis. The evidence that the TRA refers to from the confidential CRU analysis is that "three SOE [State Owned Enterprise] buyers account for around 85% of the OFC demand in the PRC market." This demonstrates the influence the GOC has on purchasing OFC. The confidentiality of the CRU report would not have prevented interested parties from having a reasonable understanding of the substance of the information to which it relates. It has also not prevented interested parties from being able to comment on this finding.
222. There are [three major](#) communication operators in the PRC: China Mobile, China Unicom and China Telecom. Further evidence of the influence the GOC has on purchasing OFC comes from China Mobile. The GOC and CCCME commented on the TRA's findings and state that the TRA has relied on a historical 2019 tender of China Mobile.
223. The tenders of China Mobile is relevant to the TRA's assessment of government influence on prices as China Mobile is the [largest telecommunications company in the PRC](#). It was also [reported](#) in 2015 to be the largest optical fibre and OFC buyer in the world.
224. [China Mobile's](#) ultimate controlling shareholder is China Mobile Communications Group Co. Ltd, which as of 31 December 2021 held approximately 72.72% of the total number of shares issued by the company. China Mobile Communications Group Ltd CMCC, is a central state-owned enterprise regulated by the State-

owned Assets Supervision and Administration Commission of the State Council of China (SASAC).

225. [Through this layered platform](#) of various holding and interest companies relating to China Mobile, the GOC holds the majority of shares in China Mobile and directs the overall strategies and interests of the company.
226. [China Mobile's tender](#) in 2020 to 2021 was 119.2 million fkm, and the tender for 2021 to 2022 was 143.2 million fkm. The scale of China Mobile's centralised procurement in 2021 increased by 20% compared to 2020 and 36% compared with 2019.
227. CRU's announcement of China Mobile's 2021 to 2022 tender states that "based on prior tenders, we typically witness an approximate 40% drop in implied [optical] fibre prices from the period of announcement to awards..." and that "[the announcement of the tender] does provide the market with some direction and a sense of security over the coming quarters and should help drive spot market prices higher once settled."
228. The scale of this centralised procurement is evidence that through the buying power of SOEs, the GOC has an effect on sales prices of OFC in the PRC. This gives the GOC indirect control over domestic OFC producers even if they are not state owned themselves.
229. The TRA found evidence that government influence and control has caused the price of OFC to reflect non-commercial factors. That influence and control drives OFC producers' performance in the PRC against the benchmarks of the digital infrastructure strategy. The consequence of this sector being driven by GOC strategic goals is that when companies sell large proportions of their product to SOEs, a high percentage of these sales are not in the Ordinary Course of Trade (OCOT) since profit margin is not driven by market forces. The OFC producers are able to reduce costs using low priced inputs. Unprofitable sales are also driven by more OFC being produced within the PRC than there is demand. This

has meant that a significant number of domestic sales by the SDG Group, a high proportion of which were to SOEs, failed the OCOT test because they were not profitable.

230. Government influence and control has led to the production of OFCs being dictated by industrial strategy, from the costs of raw material to the provision of land. Government influence through relevant laws and rules governing banks indicates the provision of loans at preferential rates, and government influence and control in the form of price setting exists in the energy sector. These specific factors are examined in later sections.

### **G3.3 Provision of land**

231. Under the provisions set out in article 2 of the GOC's 2019 [Land Administration Law](#), it states that the PRC "implements socialist public ownership of land, that is, ownership by the whole people and collective ownership by the working masses." In practice this means that land is not owned by a private citizen or company within the PRC, and instead land is leased by local authorities to the users of that land for a fixed term.
232. The system would lead to land prices and rent rates that are artificially low and/or reflect non-commercial factors, if the practice is not a relatively open process that any company would be able to access and participate in. There is evidence that this practice is not an open process, such as the [European Commission \(the Commission\) investigation into imports of certain organic coated steel products originating in the PRC](#), where it was found that in some cases leases were agreed without any bidding process at all.
233. In the [Commission's investigation into imports of certain filament glass fibre products originating in the PRC](#), the Commission did not find any evidence of an auction process that independently set the price of the land use right. In the [Commission's investigation into imports of aspartame originating in the PRC](#), the

Commission found that the price paid for the land-use right was below market value.

234. The process can be dictated by the local government's economic and industrial planning. As article 5 of the 2007 "[Order of the Ministry of Land and Resources of the People's Republic of China](#)" states, "The land and resources administrative department of the people's government of the city or county shall, in accordance with the economic and social development plan, industrial policy, overall land use plan, annual land use plan, urban planning and land market conditions, formulate an annual plan for the assignment of state-owned construction land use rights, and report it to the same level."
235. The GOC and CCCME commented on the TRA's use of the Commission's anti-dumping investigations in support of its findings that provision of land reflects non-commercial factors. They submit that the Commission's investigations are historic and concern different products.
236. The historical investigations referred to by the TRA serve to demonstrate that the control of land-use by the GOC affects various industries across the PRC. The TRA has not relied solely on the Commission's historical anti-dumping investigations. The TRA analysed relevant legislation including the [Land Administration Law of the PRC](#), the [Property Law of the PRC](#) and the [Constitution of the PRC](#).
237. As set out in paragraph 208, the production of optical fibre and its products is an industry where foreign investment is encouraged by the GOC. Favourable policies are in place to incentivise foreign investment in the encouraged industries, such as access to preferential land prices and looser regulation of land uses.
238. [China Briefing](#) found that land can be preferentially supplied for encouraged foreign-funded projects with intensive land use. The land transfer reserve price

can be determined at 70 percent of the national minimum price for the transfer of industrial land.

239. [Horizons](#) also report on the fact that under the new China infrastructure plan, foreign companies that invest in the encouraged industries will receive numerous incentives, which include lower land prices and lenient real estate use regulations.
240. It is clear that market conditions are not the only factors considered in the allocation of land use rights within the PRC.
241. We have concluded that there is evidence that the land market in the PRC reflects non-commercial factors but have decided not to progress any further with adjustments due to the low materiality towards the production costs of OFC in the PRC.
242. The Applicant, (via its representatives Van Bael & Bellis (VBB)) commented on the TRA's findings in relation to the provision of land. They submit that the SEF takes a contradictory position to the PAD, in that the cooperating overseas exporter's land costs do not merit further adjustment.
243. The PAD is an initial indication of the TRA's findings. The SEF represents our most recent findings. As set out in the SEF we concluded that there is evidence that the land market in the PRC reflects non-commercial factors but decided not to progress any further with adjustments due to the low materiality towards the SDG Group's production costs of OFC in the PRC.
244. The TRA conducted a price comparison using SDGI's annual land costs against a benchmark. The benchmark was calculated using the annual lease cost of a participating Turkish Producer. This approach was taken as both the land use rights and the lease were taken out in a similar time period. We compared the cost per metre squared for both parties during the POI.

245. The price comparison showed that a price difference exists in SDGI's land costs when compared to the benchmark, as their land costs reflect non-commercial factors. However, the proportion of SDGI's annual land costs attributable to the goods concerned is small, because the goods concerned represent less than 20% of all goods produced by SDGI. We concluded that land use costs were not material towards the production costs of the goods concerned.

### **G3.4 Provision of bank loans**

246. The TRA has found evidence of the predominance of state-owned banks within the PRC, and in particular the existence of the Export-Import Bank of China, which provides loans to support the export of goods produced in the PRC, including OFCs. The Applicant provided evidence of this area through the [Commission's Working Document](#).

247. The [predominance of state-owned banks](#) is relevant as research suggests that SOEs are the main providers and recipients of financial support in China, as state banks channel below-market lending toward those industrial producers that are state-owned or otherwise favoured by authorities.

248. As discussed on pages 115-117 of the [Commission's Working Document](#), the GOC has a controlling stake in most of the large PRC banks, giving them the ability to dictate the investment practices of these institutions and reflect non-commercial factors on the market.

249. The TRA has further researched this area and found that where a bank is not wholly state owned, it is typically a joint-stock enterprise where the government holds a significant number of shares, as shown in [the list of China's systemically important banks 2022](#) or [the reference to the four biggest Chinese banks](#).

250. Whether a bank is a SOE, a joint-stock enterprise or seemingly independent, the PRC's [General Rules on Loans](#) 1996 gives local authorities the legal right to support preferential loans for preferred industries. Article 15 states that "[i]n

accordance with the State's policy, relevant departments may subsidise interests on loans, with a view to promoting the growth of certain industries and economic development in some areas." Similarly, article 12(5) of the PRC's [Regulations on the Administration of Corporate Bonds \(January 2011\)](#), states that all funds raised must be "in line with the national industrial policy," indicating that they are not issued according to market demand.

251. An [article](#) on the GOC's website states that "Aside from central-level funding, local authorities will also increase financial support for Made In China 25 projects with over 10 billion yuan expected to be invested by local governments nationwide from 2016 to 2020." Using the 2020 average spot exchange rate from the [Bank of England](#) database, this equates to approximately 1.5 billion USD. "The [Ministry of Industry and Information Technology] MIIT will also cooperate with China Development Bank to provide financial services including loans, bonds, leasing to support major projects, with an estimated 300 billion yuan of financing in place in the 2016-2020 period." Using the 2020 average exchange rate from the [Bank of England](#) database, this equates to approximately 43.5 billion US dollars. As established in paragraph 200, this is of relevance to OFC, as a key material input into "Made in China 2025" projects.
252. As discussed in articles published by the South China Morning Post in 2020-2021 on [reform](#) and [bond defaults](#), the credit rating system in the PRC reflects non-commercial factors, offering lower credit ratings than would be found elsewhere. For instance, at the end of 2020, 98.49% of PRC bonds were rated as AA or higher compared to only 6% in the US. The high percentage of PRC bonds rated as AA allows OFC companies based in the PRC to obtain preferential loan rates compared to other markets. The PRC has a relatively high number of credit rating agencies, 13 at the end of the POI, which as pointed out in page 128 of the [Commission's Working Document](#), allows borrowers "to choose whichever rating agency can give them a higher rating."

253. Additionally, the [Commission's Working Document](#) states that risk is perceived differently within the PRC, particularly with SOEs, where the risk of default has been historically viewed as essentially non-existent. The South China Morning Post reported in August 2021 on [high-profile SOE defaults](#) in the POI have brought this assumption into question and prompted reform. In the same article it states that the central bank and four other regulators announced they would set up a quality appraisal system with a default ratio at its core by the end of 2022. However, the lack of risk of default was clearly an ongoing issue throughout the POI.
254. The SDG Group made a submission refuting the Applicant's claim that the loan market reflects non-commercial factors. The SDG Group state that government policies only operate as recommendations, and that banks still have to evaluate a company on an individual basis. However, if government policies offer guidance that may not be adhered to in particular instances, this does not mean that this guidance does not end up distorting the market in general.
255. Submissions from members of the SDG Group state that it did not have any knowledge that the rates it was negotiating may have been influenced by non-market forces. However, the fact that SDG were unaware of distortions, does not mean that they do not exist.
256. The TRA determined that there is evidence that the loan interest rates reflect non-commercial factors, and as such there is a PMS within the OFC industry. However, due to the low materiality in contributing to the admin, sales, and general costs, we made no adjustment.
257. The GOC and CCCME commented that the low materiality towards the production and sales of OFC by the exporting producers means that loan costs cannot be evidence of a PMS.
258. The fact that the SDG Group's loan costs were not material to their AS&G costs, does not negate the TRA's finding that the loans market in the PRC reflects non-

commercial factors. The TRA accepts that the degree to which loans cost can affect the cost to sell can vary between companies, industries, and regions.

### **G3.5 Energy costs**

259. The GOC policy documents that the TRA has examined in this section suggest an intention to introduce liberalising market reforms within the PRC energy sector. Although this suggests that the market is less reflective of non-commercial factors, the need for these policy documents indicates that energy prices in the PRC reflected non-commercial factors at the time these policy documents were written and within the POI.
260. In [Opinions on further deepening the reform of the electric power system \(ZhongFa \[2015\] No. 9\)](#), the GOC, during 2015, described its domestic energy market in the following terms, “[T]he price relationship has not been straightened out, and the market-based pricing mechanism has not been fully formed. The current electricity price management is still dominated by government pricing, and electricity price adjustment often lags behind cost changes, making it difficult to timely and reasonably reflect electricity costs, market supply and demand, resource scarcity and environmental protection expenditures”.
261. More recent policy documents such as [the Circular of the National Development and Reform Commission and the National Energy Administration on Actively Promoting the Market-Oriented Power Transactions and Further Improving the Trading Mechanism \(Fa Gai Yun Xing \[2018\] No. 1027\)](#), suggest that in situations where an energy user and provider are unable to reach agreement “the user price is temporarily determined according to the local catalogue electricity price standard,” confirming that some market controls may still exist. The TRA is unable to determine whether this particular situation is an exception or the rule. Similarly, although a report titled [a Notice on Fully Liberalizing the Electricity Generation and Consumption Plan for Commercially Operational Users \(National Development and Reform Commission \[2019\] No. 1105\)](#), from

2019 makes it clear that market reforms are still ongoing, all of the listed reforms are pro-liberalisation.

262. The policy document a [Circular of the National Development and Reform Commission on Reducing Electricity Cost of Enterprises to Supporting Restoration of Work and Production Development and Reform Price \[2020\] No. 258 \(EN\)](#), stated that, “electricity users other than those in high energy-consuming industries” could pay 95% of the original tariff during the 2020 COVID pandemic. However, this does not indicate the presence of non-commercial factors in the OFC market as it appears to be a temporary measure intended to assist PRC companies in overcoming the economic impact of the pandemic, rather than a long-term policy shift to provide certain industries with reduced energy costs.
263. Evidence provided during the investigation indicates that, at least in certain circumstances, free market conditions should (or are encouraged to) prevail within the energy sector of the PRC. However, there is decisive publicly available information that confirms that energy prices in the PRC reflected non-commercial factors during the POI.
264. The GOC and CCCME commented on the TRA’s findings that ‘free market conditions should (or are encouraged to) prevail within the energy sector of the PRC’. The TRA clarifies that it did not state that free market conditions exist within the energy sector. As the TRA stated above, there is clear evidence that energy prices in the PRC reflected non-commercial factors during the POI.
265. The World Trade Organization (WTO) published its [Trade Policy Review](#) of the PRC in September 2021. This WTO report sets out the products or services that were subject to price controls by the central Government in 2021. This includes electricity transmission and distribution.

266. Price control can either be in the form of “government-set prices” or “government guided prices”. This causes artificially low prices caused by non-commercial factors.
267. CCCME commented on the TRA’s use of the WTO Trade Policy Review, noting that it references the period 2019 to 2020.
268. The TRA acknowledges that the WTO Trade Policy Review of the PRC does not cover the POI. However, the price controls referred to in Table 3.21 of the report is from the Central Government Pricing Catalogue which was issued by the NDRC on 13 March 2020 (NDRC Order No. 31, 2020) and came into effect on 1 May 2020. The Government Pricing Catalogue was not updated or replaced by the NDRC during the POI.
269. Other sources report on regulation of prices in the energy market in the PRC. The [OECD Inventory of Support Measures for Fossil Fuels: Country Notes](#) states that “National, regional, and local authorities regulate prices of fossil fuels in China. The NDRC is ultimately responsible for price setting and competition regulation in most segments of the energy market... On-grid power price is negotiated between the utilities and consumers, while NDRC regulates the transmission and distribution price”.
270. The TRA has concluded that there is evidence that energy prices in the PRC reflect non-commercial factors, and as such there is a PMS within the OFC industry. Further work was completed to establish whether it affected the production costs of OFC in the PRC.
271. The TRA calculated a benchmark using the average electricity cost per kilowatt hour (kwh) for the Turkish producers. In order to conduct a comparison against the SDG Group’s costs, the data was converted from Turkish Lira (TRY) to RMB using the annual average mid-rate for the POI from the [Central Bank of the Republic of Türkiye](#). The benchmark was compared against the SDG Group’s average electricity cost per kwh to establish the price difference.

272. Whilst there may be other components to energy costs, the TRA considered a comparison using electricity kwh was fair, based on the available information. The TRA found that the SDG Group's energy costs did not appear to be artificially low in comparison to the selected benchmark, and an adjustment for this factor was not required.
273. The Applicant commented on the TRA's findings in relation to energy costs They submit that the SEF takes a contradictory position to the PAD, in that the cooperating overseas exporter's energy costs do not merit further adjustment.
274. The PAD is an initial indication of the TRA's findings. In the PAD the TRA concluded that there is evidence that energy prices in the PRC reflect non-commercial factors. As set out in the SEF, we conducted a price comparison, and determined that the cooperating overseas exporter's data was not artificially low in comparison to the selected benchmark.
275. The OECD report "[Measuring Distortions in International Markets – Below-market energy inputs](#)" finds that "below market" energy prices in certain economies such as the PRC may vary between companies, different industries and regions. Another OECD report "[Government Support in Industrial Sectors](#)" finds that "[below market energy] is especially problematic for trade in the context of industries for which energy constitutes an essential input such as aluminium smelting, steel, cement, fertilisers, and chemicals".
276. The TRA found that the production of OFC is not particularly energy intensive. In the case of the cooperating overseas exporters, it represents 0-2% of their total production costs. This was accounted for when making a determination on the provision of electricity to OFC producers in the PRC.

### G3.6 Labour cost and policy

277. The GOC and CCCME commented on the TRA's assessment of labour costs and policy within the SEF, stating that it is in contradiction with previous TRA findings.
278. The TRA assesses allegations of a PMS on a case-by-case basis. Different patterns of evidence drive different conclusions in different cases. The findings in this case are based on the merit of the evidence available to us. We have provided further detail on our findings in the section below.
279. The Applicant alleged that a system of market-based wages cannot fully develop in the PRC, due to two factors which are: the laws on household registration known as the *hukou* system and the laws on unionisation.
280. As stated in [Hayward, J. \(2022\). 'Reorganising Chinese Labour: The Establishment of the Household Responsibility System', in C. Sorace, & I. Franceschini \(Eds.\), Proletarian China: A Century of Chinese Labour \(Verso: London\), p. 295](#), the *hukou* registration system, or Regulations on Household Registration of the PRC (1958), historically arose as part of the PRC's system of collective work units, which separated the population into agricultural and non-agricultural workers in an attempt to enable the country to become self-sufficient.
281. This system was reformed in 2020, as detailed in the ['New-type urbanization construction and urban-rural integration development in 2020 \(Development and reform planning\)' notice](#). However, it only forms a recommendation, and explicitly excludes the largest cities, like Shenzhen where SDG is located. For these cities the rural population should only be settled "as much as possible."
282. Even with this recent reform, the same structure still applies. [China Labour Bulletin](#) reports that while smaller cities in inland areas have opened up, providing employment opportunities closer to home, cities such as Beijing, Shanghai, Guangzhou, and Shenzhen, have imposed even greater restrictions

on migrant workers and their families. Restricted movement for rural workers artificially creates a pool of underprivileged labourers who are willing to work for less than their urban counterparts.

283. Although there does not appear to be any publicly available research after the 2020 reforms, reports such as that from the [Hong Kong University of Science and Technology](#) and [the China Development Research Foundation](#) from 2013-2015 suggest that the pay differential between agricultural and non-agricultural *hukou* registrations for public and non-public workers is between 5-13%.
284. The TRA acknowledges the GOC and CCCMEs comments that minimum wage requirements exist in the PRC. Minimum wages are determined by regional governments in the PRC. [China Labour Bulletin](#) found that "when drawing up and adjusting minimum wages, local governments are focused on industry concerns and impact on local investment."
285. The TRA also acknowledges the GOC and CCCME's comments that minimum wages in the PRC have risen over the past ten years. However, an increasing number of workers are consigned to low-paid employment with little or no welfare benefits. Premier Li Keqiang stated in a [press conference](#) at the end of the 2020 National People's Congress that, based on official statistics, 600 million people in China still had a monthly average income of less than 1,000 yuan. Using the 2020 average spot exchange rate from the [Bank of England](#) database, this equates to approximately 144 USD a month. Comparatively, using [Eurostat](#) data and the 2020 average spot exchange from [the Bank of England](#) the 2020 monthly average minimum income in the Republic of Türkiye was approximately 470 USD a month. Although minimum wages in the PRC have risen, the minimum income level remains comparatively low internationally and the urban and the rural divide due to the *hukou* registration system remains in place.
286. The laws on unionisation also indicate that the labour market reflects non-commercial factors. There are many limitations to the theoretical guarantee of the free association of workers within the PRC. On a national scale, [Article 33 of](#)

[the CCP constitution](#) states that unions within non-public sector entities shall be controlled by CCP organisations in order to implement government policy.

287. The SDG Group responded to the Applicant's claims in its questionnaire responses. It suggests that the *hukou* system does not in fact reflect non-commercial factors in the labour market since "the Company is free to hire anyone with any *hukou*" and the GOC has no influence in this regard.
288. However, the TRA has determined that the impact of the *hukou* system is external to the hiring practices of any given company. Having a two-tier system of citizenship where certain workers can only reside in the wealthier urban areas on a temporary basis conditional on them working, creates a pool of cheap labour, since the only alternative to accepting such wages would be a return to the deprived rural areas.
289. The SDG Group also suggest in its questionnaire response that its workers have the right to participate in labour unions, and that they are able to "stage activities independently in accordance with law".
290. The TRA accepts that workers in the PRC have the right to form or join a trade union. However, this right is severely limited as all unions must be affiliated with the legally mandated body, the All-China Federation of the Trade Unions (ACFTU).
291. [The ACFTU is organised](#) according to a hierarchy of local and regional union federations that reflects the structure of the Party and GOC. This is because the ACFTU is classified as a "mass organization" that serves the interests of the Party and local government.
292. The GOC and CCCME commented that in the trade remedies case [AD0012 Aluminium Extrusions from the People's Republic of China](#), the TRA found that there have been incidences of strike action occurring in the manufacturing industry for metallic products within the PRC. [China Labour Bulletin Strike Map](#) also reports on numerous strike action in the last decade.

293. The TRA acknowledges that although the right to strike was removed from the Constitution of the People's Republic of China in 1982, there is no legal prohibition on workers taking strike action. However, whilst strike action does occur, workers cannot organise or negotiate outside the official structure (as set out in paragraph 290 and 291).
294. Taking all these elements into consideration, the TRA considers that there is sufficient evidence that labour costs within the domestic OFC market in the PRC are subject to non-commercial factors and conducted a price comparison against an international benchmark.
295. The labour benchmark came from [Turkstat](#), which gives data for the average monthly cost of labour for two-digit NACE codes for the year 2020. NACE codes are the standard European nomenclature of productive economic activities. The TRA used the NACE code C 27.31 which represents the manufacture of fibre optic cables. The labour benchmark consists of gross earnings, social security payments and other labour costs.
296. Due to the data being available for 2020 only, an adjustment was applied to the figure based on a separate [report](#) by Turkstat that found a 32.3% annual increase in hourly labour cost over the POI.
297. Although there is evidence that the labour market within the PRC reflects non-commercial factors, the cooperating overseas exporter's data did not appear to be artificially low in comparison to the selected benchmark.
298. The GOC and CCCME queried TRA's finding that the labour market in the PRC reflects non-commercial factors, when the cooperating overseas exporters data did not appear to be artificially low. The TRA accepts that the degree to which labour costs are artificially low can vary between companies, industries, and regions. The fact that the SDG Group's labour costs did not appear to be artificially low in relation to the benchmark, does not negate the finding that the labour market in the PRC reflects non-commercial factors.

### G3.7 Raw material cost

299. The Applicant alleges that there is evidence of distortions with respect to the raw materials which are used in the manufacture of OFC being subject to specific development targets by the GOC.
300. The GOC and CCCME commented that the TRA has not set out which raw materials were considered for the assessment of the PMS.
301. To clarify, the assessment of raw materials was conducted in relation to the optical fibre input. This is the main raw material input in the production of OFC. As the main raw material input, the cost of optical fibres has a significant impact on the cost to make of OFC and the sales price of OFC.
302. A series of policy and guidance documents issued by the Zhejiang regional authority (where several optical fibre manufacturing facilities are located) focus on supporting manufacturing industries, especially the production of optical fibre that is the core input of OFC production.
303. The [‘Implementation Plan for the Transformation and Upgrading of Chemical Fibre Manufacturing Industry \(2017-2020\)’](#), suggests that the government should “[s]elect high-tech fibre R&D and manufacturing enterprises with strong technological innovation capabilities... [and] carry out targeted cultivation [of these firms].” As with state influence, these government plans form the basis of subsidy distribution within the PRC, and so should be taken to indicate a reflection of non-commercial factors as stated on page 18 of the [Commission’s Working Document](#).
304. The SDG Group appears to purchase raw materials from local companies based in Shenzhen. A similar plan to that mentioned in paragraph 168, published by the Shenzhen government in 2002, [‘Shenzhen Municipal People’s Government on the issuance of the Shenzhen industrial restructuring implementation plan notice’](#)

explicitly lists “optical fibre communication systems” as a “key product encouraged to develop.”

305. Although the implementation plan was stated to apply up to 2020 just before the POI began, the TRA has not found any evidence that this policy has been superseded. The plans such as ‘[MIC25](#)’ and the ‘[Internet Plus](#)’ strategy indicate that the GOC will encourage regional authorities to support the production of the raw materials required to realise these plans until at least 2025.
306. The GOC and CCCME commented that the general, countrywide "MIC25" plan and the "Internet Plus" strategy is irrelevant and does not support the finding of distortion of OFC raw material costs.
307. The MIC25 and Internet Plus strategy are of relevance to the TRA’s assessment as OFC is a key component of major projects recognised in these strategies, including internet network infrastructure, and the roll out of optical fibre networks and broadband. As a key component, there will be an increased demand in OFC, leading to OFC producers increasing their raw material requirements above what the market would usually demand. The GOC has set out how it will support key projects (which can be seen in section G3.1 Government Support and paragraph 309 below), which will also benefit producers in the supply chain (such as optical fibre producers).
308. Published two months after MIC25, the Internet Plus initiative seeks to better integrate the internet with industry.
309. An [article](#) on the GOC’s website states that “China will clear barriers and lower limits for the market entry of Internet Plus-related products, optimize the credit system, draft a big data strategy and promote legal services”. It also states that; “The government will provide finance support and tax references to key projects related to the Internet Plus plan, and encourage local governments to follow suit, while welcoming investors from home and abroad.”

310. Elevated optical fibre inventories that existed in the period leading up to the POI is evidence that there is more production of optical fibres than the market demands.
311. The GOC and CCCME commented that the TRA has not provided evidence to show that elevated optical fibre inventories existed.
312. [Analysis](#) by CRU found that “the 2019-2021 era was mired by excess capacity, elevated inventory levels and weakened demand” and that this was first apparent in the PRC “but later spread to Europe as Chinese manufacturers ramped up exports and sought to win market share through competitive pricing.”
313. This can be partially explained by the downturn in demand due to the COVID pandemic. However, the extent of the PRC overproduction leading to elevated inventories when compared to other countries, was likely made possible by the existence of such support, as producers did not have to respond to market demand in the same way.
314. The downturn in 2019 [can also be partially explained](#) by the fact that large-scale construction of 5G did not commence until 2020, and the three major communications operators in the PRC (China Mobile, China Unicom, China Telecom) reduced their capital expenditure for fixed network construction in 2019. This resulted in an imbalance between the supply and demand of optical fibre and OFC.
315. An [analysis](#) by CRU found that in “China's fibre and cable manufacturers did not respond immediately to the downturn in their domestic market, and inventories built up to levels in excess of 20 million fibre-km in 2019. This contributed to the downward pressure on prices as well as the Chinese manufacturers' more aggressive strategies in export markets.”
316. An [analysis](#) on the effects of the COVID-19 pandemic and potential closures in 2020, also touches on inventories. It states “From an [optical fibre] perspective, CRU retain the view that overhanging inventory within the domestic market has

reached 24 [million fkm]. In order to rebalance, and assuming no changes to other factories output and demand, closures of almost 8 weeks across FiberHome and YOFC's factories would be required."

317. The TRA considers it reasonable to conclude that there is excess capacity driven by government plans, such as the "MIC25" plan and the "Internet Plus" strategy. This has led to elevated inventory levels, and lower prices of optical fibre.
318. MOFCOM and CCCME commented that the TRA did not assess the SDG Groups optical fibre costs in relation to the sales prices of optical fibres and OFC.
319. The TRA has assessed the fibre costs of the SDG Group in comparison with the implied bare fibre prices in the [2020/2021 tender of China Mobile](#) and found these to be comparable. The TRA considers the implied bare fibre prices in the 2020/2021 tender of China Mobile to be representative of the PRC, due to the buying power of China Mobile, and the influence it has on optical fibre and OFC prices (as set out in [Section G3.2: State influence and control](#)).
320. The TRA has assessed the fibre costs of the SDG Group in relation to the total cost to make and determined that as a major input, any cost difference would have a significant impact on the cost to make the cables and the sales price.
321. The GOC and CCCME commented that the TRA resorted to a benchmark before proving a PMS. The TRA disagrees with this assessment. The TRA considers that the research conducted in this section is evidence that the cost of optical fibres reflects non-commercial factors. Having reached this conclusion, the TRA then established a benchmark and conducted a price comparison of SDGs optical fibre costs against the benchmark.
322. We established that a price difference exists due to non-commercial factors, and an adjustment to the SDG Group's optical fibre costs was required in order to represent optical fibre costs that are substantially determined by market forces. Further information is set out in [Section G6.2 Optical Fibre Benchmark](#).

#### **G4. Constructed normal value**

323. As set out in [Section G2: Normal Value](#), the TRA found that it is not appropriate to use the comparable price to determine the normal value of the goods concerned.
324. The SDG Group commented on the fact that the TRA has constructed normal value and not used the export price to a third country.
325. Under regulation 8 of the Regulations the TRA has three options to determine the normal value of the goods when it is not appropriate to use comparable price. There is no order of priority between the different options.
326. The TRA has determined the normal value of the goods in accordance with regulation 8(1)(a) of the Regulations, which sets out that the TRA must determine the costs of production (COP) plus a reasonable amount for AS&G costs and for profits, as detailed in regulations 11 and 12 of the Regulations.
327. The TRA used this approach as the costs of production and AS&G data was provided by the SDG Group at a PCN level and was deemed verifiable.

#### **G5. Costs of production**

328. Regulation 11(2) of the Regulations sets out that, where regulation 11(3) of the Regulations applies, the TRA must *normally* calculate the costs of production of the like goods based on records kept by the overseas exporter (emphasis added).
329. Regulation 11(3) of the Regulations applies when the records of the overseas exporter are in accordance with Generally Accepted Accounting Principles (GAAP) in the PRC and reasonably reflect the costs associated with the production and sale of the like goods in the PRC. Given the professional opinion of the independent auditor of the SDG Group's financial accounts we are content that the records reasonably reflect the costs.

330. Although we accept that overall SDG Group's records reasonably reflect costs, we do not consider these costs to reflect normal circumstances with the OFC market in the PRC.
331. As described in [Section G3. Particular Market Situation](#) we believe the price of optical fibre reflects non-commercial factors, which is reflected in a PMS in the optical fibre cable market.
332. As this is not considered normal circumstances, the exporter's COP of the like goods have not been calculated on the basis of records kept by the overseas exporter, as described in Regulation 11(2). Instead, these have been adjusted, where they have been found to reflect non-commercial factors, and are artificially low in comparison to the benchmark.
333. Comments made by the GOC, CCCME and the SDG Group indicate a misunderstanding of the TRA's approach. To clarify the TRA has used the SDG Group's actual costs of production and adjusted where the costs are unrepresentative because they do not reasonably reflect the overseas exporter's costs in a market if those costs were substantially determined by market forces.
334. As set out in regulation 11(6) of the Regulations, the TRA has powers to make adjustments in accordance with regulation 13 of the Regulations, in certain circumstances. The TRA has adjusted the costs of optical fibres as set out in [Section G6. PMS Adjustments](#).

## **G6. PMS adjustments**

335. In accordance with regulations 11(6) and 12(4) of the Regulations, the TRA can make adjustments to costs of production or AS&G costs in accordance with regulation 13.
336. The TRA may make adjustments where paragraph 13(3) of the Regulation applies, and for the purpose of paragraph 13(2) of the Regulations.

337. In accordance with regulation 13(2) of the Regulations, the purpose of making adjustments is to calculate what the SDG Group's optical fibre costs would be in the market in the PRC, if costs were substantially determined by market forces.
338. In accordance with regulation 13(3) of the Regulations, the TRA considers the optical fibre costs to be unrepresentative because the costs reflect non-commercial factors, and so do not reasonably reflect the costs in a market if those costs were substantially determined by free market forces.
339. In making adjustments to this input the TRA has had regard to corresponding costs in an appropriate representative country, in accordance with regulation 13(4)(a) of the Regulations.
340. Regulation 13(5) of the Regulations sets out what should be considered when selecting a representative third country or territory under regulation 13(4)(a) of the Regulations.
341. In its application the Applicant suggested the Republic of Türkiye (ROT) as an appropriate representative country. We considered whether the ROT met the requirements of the Regulations and concluded it has a similar level of economic development to the PRC, in accordance with regulation 13(5)(b) of the Regulations. Both countries are classified as upper-middle income countries by the World Bank, and have a similar level of GDP per capita, life expectancy at birth, and literacy rate.
342. In addition, the ROT has production of like goods and is a competitive market which is demonstrated by the high number of Turkish producers, and significant imports from third countries. The like goods in the PRC and the ROT are identical with respect to applications, physical, technical, and chemical characteristics. OFCs are also required to meet international standards, as specified by the International Telecommunication Union and International Electrotechnical Commission.

343. The GOC and CCCME commented on the use of the ROT as an appropriate representative country, stating that it is incomparable with the PRC. The TRA has considered these comments. We are satisfied that the ROT is an appropriate representative country in accordance with our regulations as set out in paragraph 341, 342 and 344.

344. CCCME requested that the TRA provide the source used to conclude that the PRC and the ROT are comparable. As set out in the SEF, data from the World Bank was used to establish that both countries were classified as upper-middle income countries, and have a similar level of GDP per capita, life expectancy at birth, and literacy rate. The TRA accepts that whilst data from the World Bank is easily accessible, the World Bank data was not provided. The relevant data is provided in the table below.

*Table 2: World Bank data comparing the Republic of Türkiye and the People’s Republic of China*

<b>World Bank data</b>	<b>The RoT</b>	<b>The PRC</b>
GDP per capita 2021 (US Dollars)	9,661.2	12,556.3
Life expectancy at birth 2021 (Years)	76	78
Literacy rate 2019 (% ages 19-24)	100	100
Gross National Income (GNI) per capita 2021 (US Dollars)*	9,900	11,880
<p>Sources:</p> <p><a href="#">GNI per capita, Atlas method (current US\$) - Türkiye   Data (worldbank.org)</a></p> <p><a href="#">GNI per capita, Atlas method (current US\$) - China   Data (worldbank.org)</a></p> <p><a href="#">Data for Türkiye, China   Data (worldbank.org)</a></p> <p>*The <a href="#">World Bank</a> defines upper middle income countries as having a GNI per Capita between \$4,046 and \$12,535 (2021).</p>		

## **G6.1 Turkish producer participation**

345. On 9 December 2022, the TRA wrote to producers and sellers of OFC in the ROT inviting them to provide cost of production data for the use of benchmarking. On 12 December 2022, the TRA published a [note to the file](#) opening the invitation to all overseas producers and sellers of OFC in the ROT.
346. In response to the letters and note to the file, three Turkish OFC producers contacted the TRA to express their interest in participating:
- a) Türk Prysmian Kablo Ve Sistemleri A.S. (Türk Prysmian)
  - b) Corning Kablo ve Sistemleri Ltd. (Corning Kablo)
  - c) ETK Kablo San. Ve Tic A.S. (ETK Kablo)
347. Streamlined questionnaires and annexes were sent to Türk Prysmian, Corning Kablo and ETK Kablo on 12 January 2023.
348. ETK Kablo subsequently informed the TRA on 27 January 2023 that it was unable to assist in the investigation due to the time commitment needed to complete the questionnaire and annex.
349. Corning Kablo and Türk Prysmian responded with [completed questionnaires](#) and were fully cooperative with the investigation.
350. The TRA conducted all verification activities in relation to Corning Kablo and Türk Prysmian remotely and via email. Verification reports were produced, and non-confidential versions of these reports are available on the [public file](#).

## **G6.2 Optical fibre benchmark**

351. For the purposes of the PAD, the TRA established a benchmark cost of optical fibre using Turkish import data for optical fibre, imported under HS10 Code 9001109091. [GTAS](#) and Turkstat were used for the benchmark cost information.

352. For the purpose of the SEF, the TRA was able to recalculate the optical fibre benchmark using data from the two participating Turkish producers.
353. The GOC and CCCME submitted multiple comments around the use of optical fibre data from two participating Turkish producers as a benchmark.
354. The GOC and CCCME commented that the fibre costs in the PRC are not comparable to the ROT, because of the technologies and scale of the production in the PRC. They also commented that Turkish producers of OFC mainly import optical fibres.
355. The fact that the participating Turkish producers import optical fibres, does not prevent their use as a benchmark. In its investigation into imports of OFC originating in the PRC, the [Commission](#) used an average import price to the representative country to establish the undistorted price of raw materials. This approach is common practise in trade remedies investigations.
356. The TRA is satisfied that the companies that the Turkish producers purchase from are of a scale that any price difference in optical fibres cannot be attributed to advanced technologies and economies of scales.
357. The GOC and CCCME commented that the TRA did not assess whether the Turkish producers purchased optical fibres from related parties, and whether those prices were not excessive on account of profit-shifting activities between related companies and influenced by the relationship between the related parties.
358. During verification of the Turkish producers data, the TRA assessed whether optical fibres were purchased from associated suppliers. The TRA was able to compare transaction invoices from independent suppliers, against transaction invoices from associated suppliers. The average purchase price provided an indication that transfer prices and market prices were closely aligned during the POI and that any risk that the optical fibre costs do not reflect market reality is negligible.

359. CCCME requested that the TRA provide the facts behind the finding that the optical fibres used by the cooperating overseas exporter and the participating Turkish producers are comparable.
360. The participating Turkish producers were asked to provide the cost of production data for each PCN (as were the SDG Group). The purpose of creating a PCN structure is to create a categorisation system so that comparisons can be made between goods produced in the domestic UK market and those produced in foreign markets.
361. The TRA also assessed the SDG Group and the participating Turkish producers' optical fibre purchases by fibre type. As the majority of optical fibre purchases for both the SDG Group and Turkish producers related to the same optical fibre type, the TRA determined that any price difference would not be related to the type of optical fibre that was used in production.
362. The GOC and CCCME commented that the TRA has not considered whether adjustments to the optical fibre costs are needed.
363. The TRA considered whether adjustments to the participating Turkish producers fibre costs were needed. The purchase data was provided excluding VAT, and covered purchases within the POI. Under the delivery terms it was the seller's responsibility to pay for the cost of preparing and transporting the goods to the participating Turkish producers. As the Republic of Türkiye is in a customs union with the European Union, there is a 0% Customs Union Duty on the import of optical fibres from the European Union. Purchases of fibres from outside the European Union also did not have import duties attached to them. Accordingly, the TRA considered that no adjustments were required to compare the Turkish producers' optical fibre costs to the SDG Group's optical fibre costs.
364. A benchmark was calculated using the average fibre cost per unit for the participating Turkish producers. This was calculated using the optical fibre cost (for all PCNs), divided by the quantity of OFC produced. CCCME requested the

data behind this calculation; however, the TRA is unable to disclose the data due to its confidential nature.

365. In order to conduct a comparison against the SDG Group’s costs, the data was converted to RMB using the annual average mid-rate for the POI from the [Central Bank of the Republic of Türkiye](#). The benchmark was compared against the SDG Group’s average fibre cost per unit to establish the price difference.
366. CCCME requested that the TRA provide the annual average mid-rate for the POI from the Central Bank of the Republic of Türkiye.
367. As set out in the SEF, the TRA used the annual average mid-rate for the POI from the [Central Bank of the Republic of Türkiye](#) in order to convert the participating Turkish producers data into the SDG Group’s accounting currency.
368. From the [Central Bank of the Republic of Türkiye](#) the TRA downloaded the monthly buying and selling rate for RMB over the POI. The TRA then calculated the mid-rate (as the median between the buying rate and the selling rate).
369. Whilst the data used in this calculation is publicly available and readily accessible from the [Central Bank of the Republic of Türkiye](#), the TRA has provided the data for clarity in the table below. The TRA found that 1 RMB = 1.372 TRY, or 1 TRY = 0.729 RM.

*Table 3: Exchange Rate Data for the POI, RMB to TRY*

<b>Date (Year-month)</b>	<b>Currency Exchange</b>	<b>Currency Sale</b>	<b>Mid-rate</b>
2021-01	1.136	1.151	1.143
2021-02	1.089	1.103	1.096
2021-03	1.166	1.181	1.174
2021-04	1.243	1.259	1.251
2021-05	1.290	1.306	1.298
2021-06	1.332	1.349	1.340
2021-07	1.323	1.340	1.332
2021-08	1.301	1.318	1.310
2021-09	1.311	1.328	1.319

2021-10	1.415	1.433	1.424
2021-11	1.638	1.659	1.648
2021-12	2.112	2.140	2.126
<b>Average</b>	1.363	1.381	<b>1.372</b>

*Source: Central Bank of the Republic of Türkiye*

370. As there can be variations in price between different fibre types, we also assessed the SDG Group and Turkish producers' fibre purchases by fibre type. The TRA determined that the price difference was not related to the type of fibre and concluded that an adjustment to SDG Group's optical fibre costs, was appropriate under regulation 13 of the Regulations. This enabled us to calculate what the SDG Group's fibre costs would be in the market in the PRC, if costs were substantially determined by market forces.
371. The difference between the SDG Group's fibre costs and the benchmark was used as the level of adjustment. The level of adjustment was within the range of 35-50% and was used to replace the SDG Group's optical fibre costs.
372. CCCME requested that the TRA provide the facts we used to determine that the Republic of Türkiye meets the legal requirement of Regulation 13(6) of the Regulations.
373. Regulation 13(6) of the Regulations states that "For the purpose of this regulation, domestic costs, prices and profits are "substantially determined by market forces" where they are substantially determined by free market forces and the costs or prices in the domestic market are not artificially low as a result of factors including substantial government intervention."
374. The TRA is satisfied that the optical fibre benchmark is substantially determined by market forces in line with regulation 13(6) of the Regulations. The optical fibres (used in the production of OFC by the participating Turkish producers) are imported from the US, Italy, and South Korea. The US, Italy and South Korea rank in the top 50 in the [Economic Freedom Index by the Fraser Institute](#) for 2020. The Economic Freedom Index measures economic freedom of 184

countries. It gives an indication of most free to least free based on trade freedom, business freedom, investment freedom, and property rights. The US ranked as 7<sup>th</sup> in the world rankings (representing most free), South Korea ranked as 43<sup>rd</sup> and Italy ranked as 44<sup>th</sup> (representing the second quartile).

375. According to the [WTO Trade Remedies Data Portal](#) (which refers to measures in force on or after 01 January 2020), the US, Italy and South Korea do not have countervailing measures or anti-dumping measures relating to optical fibres imposed against them.

## **G7. A reasonable amount for AS&G and profit**

376. The GOC and CCCME commented that the TRA's calculation of profit was unclear. The TRA has provided further detail on the approach taken below.

377. Regulation 12 (1) of the Regulations states that the TRA must determine a reasonable amount for AS&G costs and profits for the purpose of regulation 8(1)(a) in accordance with this regulation.

378. In accordance with regulation 12(2) of the Regulations, subject to regulation 12 (3), the TRA must determine reasonable amounts for the AS&G costs and for profits on the basis of the actual data pertaining to the production and sales by the overseas exporter of the like goods, in the ordinary course of trade, in the domestic market of the exporting country or territory.

379. The TRA found that it could not determine reasonable amounts for the AS&G costs and profit in accordance with regulation 12(2) of the Regulations, as not all of the SDG Groups domestic sales were made in the ordinary course of trade.

380. The TRA conducted the ordinary course of trade tests on the SDG Group's domestic sales data in accordance with regulation 9 of the Regulations. In considering whether the sales were made in the ordinary course of trade, total domestic sales were considered over the POI.

381. We determined that for some PCNs, the weighted average sales price per unit was less than the weighted average cost to make per unit and the total percentage of unprofitable sales were equal to or greater than 20% of the volume sold.
382. Where the TRA cannot determine reasonable amounts for AS&G and profit, it may determine them in accordance with regulation 12(3) of the Regulations.
383. For the purposes of the SEF and this final determination, the TRA calculated a reasonable level of profit using the SDG Group's domestic sales data. The TRA calculated a weighted average profit margin using profit margins from all domestic sales of the like goods, in accordance with regulation 12(3)(a) of the Regulations.
384. The SDG Group commented on the TRA's approach to calculating a reasonable level of profit. They commented that the TRA chose the highest amount of profit intended to increase the total amount of constructed normal value to widen the margin of dumping.
385. The TRA disagrees with the SDG Group's comments. The TRA assessed various methodologies to calculating reasonable level of profit in accordance with regulation 12 of the Regulations. The TRA considers that the approach taken is reasonable when considering the level of profits made on profitable sales. By using a weighted average, we took account of profit margins made across all PCNs and did not select the highest profit margins made on any single PCN.
386. For the purposes of the SEF the TRA had used the SDG Group's actual AS&G costs. Considering that not all sales were made in the ordinary course of trade the TRA has revised the approach for the final determination.
387. In order to calculate a reasonable amount for AS&G the TRA calculated the average AS&G per unit cost (minus delivery), for sales made in the ordinary course of trade. This was calculated in accordance with regulation 12(3)(a) of the Regulations.

388. The reasonable amounts for AS&G costs and profit were used to construct the normal value along with the appropriate cost of production.

## **G8. Export price**

389. In accordance with regulation 15(1) of the Regulations, the export price is the price the goods concerned are sold for, or the agreed price at which they are to be sold, to either an importer in the UK or a third party outside of the UK for export to the UK.

390. The TRA found that the SDG Group export sales were all made to independent third parties in the UK. We therefore used the export sales submitted by the SDG Group for the export price in accordance with regulation 15(1)(a) of the Regulations.

## **G9. Fair comparison**

391. To ensure a fair comparison, the normal value and export price need to be compared at the same level of trade; normally on an ex-factory level and in respect of sales made as near as possible the same time, in accordance with regulation 16(1) of the Regulations.

392. In accordance with regulation 16(2) of the Regulations the TRA may make adjustments for any differences which affect price comparability including differences relating to:

- a) conditions and terms of sale
- b) taxation
- c) levels of trade
- d) quantities
- e) physical adjustments

393. The SDG Group reported fair comparison adjustments to their export sales data, which the TRA determined were necessary to bring the export price to an ex-works level. Fair comparison adjustments were made to the following factors:
- Credit
  - Sales Service Fee
  - Domestic Freight
394. The SDG Group identified an error where the domestic freight had been removed before the invoice value had been converted to accounting currency. This has been corrected and is reflected in the calculation of the dumping margin.
395. The SDG Group commented that an adjustment to the export price for ocean freight and insurance was not needed due to the delivery terms. This has been corrected and is reflected in the calculation of the dumping margin.
396. The SDG Group commented that a formula error exists in the calculation of the adjusted ex-works export price. The TRA considered this, and whilst the formula can be simplified, an amendment to the formula does not alter the adjusted ex-works export price.
397. The TRA considered whether the fair comparison adjustments made to the domestic sales would need to be made to the constructed normal value to be able to compare to the export price at the same level. Fair comparison adjustments for credit and sales service fee were deducted from the constructed normal value in accordance with the data received by the participating overseas exporters. As the constructed normal value is calculated without domestic freight, an adjustment for this factor was not necessary.

## **G10. Dumping margins**

398. In accordance with regulation 17(1)(a) of the Regulations, the TRA compared a weighted average normal value with a weighted average export price for all

comparable export transactions from the sampled overseas exporters to calculate the dumping margin.

399. The TRA calculated a combined dumping margin for the SDG Group consisting of the two sampled overseas exporters who cooperated in the investigation, due to the close nature of their business and governance. Due to the lack of participation within the investigation from other sampled overseas exporters it has not been possible to calculate a weighted average for the overseas exporter amount. Therefore, this rate will be the same as the sampled overseas exporter rate.

400. The TRA has determined that the sampled overseas exporter and non-sampled overseas exporters from the PRC have dumped optical fibre cables into the UK at the margins shown in the table below.

*Table 4: Dumping margins of sampled overseas exporters and non-sampled exporters*

<b>Country</b>	<b>Overseas Exporter/Producer</b>	<b>Dumping Margin</b>
The People's Republic of China	SDG Group	23.0%
The People's Republic of China	Non-sampled exporters	23.0%

401. The TRA calculated a dumping margin for all other non-participating overseas exporters from the PRC. This is known as the residual amount.

402. In accordance with regulation 38(4)(b) of the Regulations the TRA has determined the residual amount taking account of information provided by overseas exporters. The residual amount, shown in the table below, has been set by using a method of selecting the highest dumping margin established for a PCN that had a high sales volume when compared to the total export volume during the POI.

Table 5: The residual dumping margin

Country	Overseas Exporter/Producer	Dumping Margin
The People's Republic of China	All other exporters	46.2%

## G11. Double remedies

403. This investigation was carried out in parallel with a separate subsidy investigation (AS0022) concerning the goods concerned originating from the PRC. In response to the AS0022 SEF, the SDG Group queried how double remedies have been avoided in the parallel anti-dumping and anti-subsidy investigations.
404. The GOC submitted comments asserting that the AS0022 SEF did not adequately fulfil the TRA's affirmative obligation to determine whether the concurrent imposition of duties from the present investigation and the parallel subsidy investigation constitute double counting.
405. We consider that double remedies are not being imposed in this case and the parallel subsidy investigation.
406. When constructing the normal value, one adjustment was made (to the cost of optical fibres) to reflect the findings of PMS. There is no overlap between this adjustment and the subsidy areas (land use, grants, loans and tax) that account for the subsidy amount in AS0022.
407. A reasonable level of AS&G and profits have been applied to the constructed normal value based on the actual amounts incurred by the exporters in the same category of goods (averages of the PCNs used in the calculations as set out in [Section G7: A reasonable amount for AS&G and profit](#)).

408. Based on our comparison of the calculation methods and findings in the parallel investigation, we have not deemed it necessary to adjust the anti-dumping amount to take account of double remedies.

# Section H: Injury

## H1. Introduction to injury

409. In accordance with paragraph 11(1) Schedule 4 to the Act, in order to make a final affirmative determination, the TRA is required to determine that:

- a) goods have been or are being dumped in the United Kingdom, and
- b) the dumping of the goods has caused or is causing injury to a UK industry in those goods.

410. Under regulation 27(2) of the Regulations, where the TRA has determined that goods have been or are being dumped into the United Kingdom, it must determine whether a UK industry has suffered or is suffering injury; and whether the dumped goods have caused or are causing that injury to that UK industry.

## H2. Injury analysis

411. For the purposes of this assessment and in line with paragraph 5 of Schedule 4 to the Act, “injury” to the UK industry means:

- a) material injury, or the threat of material injury, to the industry, or
- b) material retardation of the establishment of the industry...”

412. To determine whether a UK industry is suffering or has suffered injury from dumping of the goods concerned, in line with regulation 30 of the Regulations, we examined the following:

- the volume of the dumped goods during the IP;
- the effect of the dumped goods on prices of the like goods in the UK market during the IP;
- the consequent impact of the dumped goods on a UK industry during the IP; and

- any other factors we considered relevant.

413. This involved assessing 15 injury factors during the course of the investigation.

414. As mentioned in [Section D2.6: Contributors](#), CCCME's questionnaire submission and response to the SEF submissions, contained numerous comments on the causes of injury to the UK industry, with particular reference to 'other known factors'. We have taken these comments into consideration within this section. To determine whether the dumped goods have caused or are causing injury to UK industry, in line with regulation 35 of the Regulations we have also examined whether any known factors other than the dumped goods (other known factors) have caused or are causing injury to a UK industry. We considered the following factors:

- the economic impact of the COVID-19 pandemic;
- third country imports and prices;
- EU exit;

415. In CCCME's response to the SEF, it raised the following four points factors to consider for 'other known factors' which we have now assessed.

- Self-inflicted injury ([Section H7.4](#))
- Export performance ([Section H7.5](#))
- Anti-competitive behaviour ([Section H7.6](#))
- Sales from other UK producers ([Section H7.7](#))

### **H3. Considerations of the injury and causation analysis**

#### **H3.1 HMRC Import Statistics**

416. The TRA used the official import statistics published by HMRC for analysis of the volume of imports. The official import statistics published by HMRC report import volumes in kilograms (kg). Interested parties stated that this unit of measurement

is not suitable for a proper measurement of the volumes of the goods. Additionally, while HMRC import statistics provide an accurate picture of the trend of UK imports of goods concerned from the PRC, the goods imported into the UK under the commodity code 8544 70 00 (at 8-digit level) do not contain only single mode optical fibre cables, therefore an adjustment was necessary to more accurately determine the volume of imports of the goods concerned. CRU data was used to estimate the size of the UK market in terms of fkm and the percentage of imports.

417. In order to determine the volume of imports of the goods concerned in fkm, the ratio of the volume of goods concerned from the PRC to the total volume of UK imports was calculated using HMRC import statistics. In 2021, the volume of goods concerned from the PRC represented 18.8% of total UK imports. This 18.8% ratio was applied to the CRU data on consumption of single mode OFC in the UK to estimate the volume of goods concerned that were consumed during 2021 in fkm. CCCME requested in a submission received by the TRA on 27 June 2023 clarification as to whether this calculation method was also used to calculate the consumption figures for 2018, 2019, and 2020 because the SEF only specified that this calculation applied to the POI. The TRA confirms that the same calculation method was used to estimate the volume of UK consumption of the goods concerned for 2018, 2019 and 2020.

### **H3.2 Confidentiality of data used in injury assessments**

418. The TRA received comments from CCCME requesting disclosure of additional information in relation to our injury assessments, stating that the TRA must disclose “facts necessary to understand the basis of intermediate findings or analysis on which this determination is based” with reference to the panel decision [Ukraine – Ammonium Nitrate](#). We maintain that our injury analysis is based upon confidential data provided by the Applicant. The disclosure of this data in indexed format is appropriate and sufficient to enable interested parties understand the basis upon which the TRA’s determination is made.

#### H4. Volume of dumped goods from the PRC

419. In order to confirm whether dumped goods have caused or are causing injury to the UK industry, we examined the trends in the volume of dumped goods being imported into the UK market (absolute changes). We also compared the volume of dumped goods entering the UK market to both the size of the UK market and the level of UK production (relative changes). A high level of imports from the PRC, or increasing levels of imports, may indicate that the injury is being caused by these imports.

420. In accordance with regulation 31 of the Regulations, when considering the volume of dumped goods during the IP for the purpose of regulation 30(2)(a) of the Regulations, we considered whether there has been a significant increase in the dumped goods either in absolute terms or relative to domestic production or consumption.

421. The following table shows the significant increase in the volume of imports of OFC from the PRC into the UK during the POI.

*Table 6: Volume of imports of OFC from the PRC – 01 January 2018 to 31 December 2021*

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>POI</b>
Import volume (fkm)	120,962	102,868	159,417	535,565
Import volume (indexed)	100	85	132	443

*Source: HMRC import statistics*

422. Whilst there was a slight decrease in import volume in 2019 compared with 2018, there was an increase of 47% from 2019 to 2020 and a much greater increase in 2021, the POI. Overall, there was a significant increase of 343% from 2018 to 2021 and therefore the TRA have concluded that imports from the PRC have shown increasing penetration in the UK OFC market throughout 2020 and 2021.

423. The following table shows the significant increase in goods concerned during the POI relative to UK industry production which had been in decline over the IP.

Table 7: Import volume (fkm) of OFC from the PRC in relation to UK production - 01  
January 2018 to 31 December 2021

	2018	2019	2020	POI
UK industry production (indexed)	100	92	84	93
Imports from PRC relative to UK industry production (%)	8	8	13	39

Source: The Applicant's submissions and HMRC import statistics

424. There was a reduction in the level of UK industry production every year throughout the IP when compared to the 2018 level. However, the PRC imports relative to UK industry production highlight the growing market influence of imports from the PRC, increasing from 8% to 39% over the IP.
425. The following table shows that the significant increase in volume of goods concerned during the latter part of the IP, is beyond the rate of increase in the UK consumption of OFC overall.
426. CCCME commented on a perceived lack of accuracy and consistency of the TRA's reporting of PRC import volumes of the goods concerned. In the SEF, we used CRU and HMRC import statistics, two different estimates, when reporting imports from PRC. In response to their comment, we amended the calculation for the UK consumption and UK market share by using the same volumes and time period for both calculations. UK consumption has been calculated using import volumes of goods concerned from all countries from HMRC import statistics and UK industry domestic sales volumes of like goods.

Table 8: Import volume (fkm) of OFC from the PRC in relation to UK consumption, UK industry sales and total import volume (fkm) from third countries - 01 January 2018 to 31

	2018	2019	2020	POI
UK consumption of OFC ( <b>indexed</b> )	100	112	116	168
UK industry sales (indexed)	100	125	110	127
Imports from the PRC (indexed)	100	85	132	443
Imports from third countries (indexed)	100	115	127	171

December 2021

Source: The Applicant's using CRU data and HMRC import statistics

427. UK consumption of OFC increased by 68% during the IP. During the same period UK industry sales increased by 27%, which is less than the growth in overall UK consumption. By contrast, imports from the PRC increased by 343% over the IP. This sharp absolute increase in imports and the resultant significant increase relative to UK production has prevented the UK industry from benefitting from the increase in consumption of OFC over the IP.
428. The increase in the volume of third country imports during the IP is at a comparable level to the rate of consumption increase in the UK. This growth in third country imports (discussed in more detail in [H7.1 Third country imports and prices](#)) is far below the rate at which imports from the PRC increased during the same period and is similar to the rate of overall UK consumption. Therefore, the TRA has concluded that imports from the PRC have benefited from the growth in UK consumption to a greater extent than imports from third countries.

## H5. Effect of the imports on prices in the UK market for like goods

429. To determine whether the dumped goods have affected prices of the like goods in the UK, in accordance with regulation 32 of the Regulations, we considered whether:

- a) prices of the dumped goods are significantly undercutting prices of the like goods produced in the UK; or
- b) the dumped goods have significantly depressed or suppressed domestic prices of the like goods produced in the UK.

## **H5.1 Undercutting analysis**

430. Price undercutting is where the goods concerned are consistently sold at a price below that of the like goods in the UK.
431. To establish whether this has been occurring we used POI data and compared the average landed price of the goods concerned with the average domestic sales prices of the like goods at an ex-works level. To ensure price comparability, we adjusted exporter sales prices to British Pound Sterling (GBP).
432. We identified that the SDG Group exported 17 different PCNs to the UK during the POI. The TRA identified eight PCNs which were both produced by the UK industry and exported to the UK by the SDG Group. The selected eight PCNs represented 78% of the total import volume and 89% of the total import value of UK sales for the SDG Group. The PCNs represent 17% of the total volume and 4% of the total value of all imports of goods concerned from the PRC.
433. CCCME requested on 19 May 2023 that the TRA disclose the percentage of sales of like goods in volume and value terms of the UK industry represented by the comparable PCNs. Of the comparable PCNs, the SDG Group sales volumes to the UK represents 4% of the UK industry total sales volume of like goods. Similarly, the SDG Group sales value to the UK represents 4% of the UK industry total sales value of like goods. We have used confidential sales data from the Applicant and SDG Group, so are unable to disclose any further information in relation to the undercutting margin calculation.
434. We calculated an average undercutting margin covering the eight PCNs and found an undercutting margin of 39.4% during the POI.

435. CCCME requested on 18 July 2023 that the undercutting analysis be conducted for every year in the IP. This request is rejected on the basis that the TRA has conducted price undercutting analysis during the injury period in accordance with the legislative requirements under Regulation 32 of the Regulations.

## H5.2 Price depression

436. Price depression occurs when the UK industry is forced to reduce prices to compete with the goods concerned.

437. The following table compares the average sales price of the UK industry like goods to the average import price of the goods concerned to establish whether there was price depression during the injury period.

*Table 9: Average UK industry price of like goods and average import price of goods concerned - 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
Average UK industry price (indexed)	100	93	92	80
Average goods concerned import price (indexed)	100	130	86	56

*Source: The Applicant's submissions and HMRC import statistics*

438. The average price of the goods concerned declined by 44% over the IP. During the same period, the average UK industry sales price declined by a smaller margin of 20%. When taken into consideration alongside the increased volume of imports of the goods concerned (See [H4. Volume of dumped goods from PRC](#)), it appears that the UK industry is facing downward price pressure, forcing it to reduce prices to levels that it claims are unsustainable for its business operations.

439. CCCME requested clarification on the data used to calculate price depression in the UK and requested disclosure of this data. The TRA used HMRC import statistics to calculate the average prices of OFC imports from the PRC during the IP. The total import value of each year was divided by the corresponding years

import volume to determine the average price of imports. The same methodology was used to calculate the UK industry average price. We are unable to provide further information due to the confidential nature of the Applicants pricing data. The TRA made no adjustments to the calculation of PRC prices when comparing to the UK industry prices.

## **H6. Impact of the dumped goods on the UK industry**

440. Having found evidence of a relative increase in import volumes and of price undercutting leading to price depression, we then assessed the impact this has had on the UK industry.

441. In accordance with regulation 33 of the Regulations, in considering, for the purpose of regulation 30(2)(c), the consequent impact of the dumped goods on the UK industry, we must consider all relevant macroeconomic and microeconomic factors and indices having a bearing on the UK industry including:

- a) actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilisation of capacity;
- b) factors affecting domestic prices of the like goods
- c) the magnitude of the margin of dumping;
- d) actual and potential negative effects on cash flow, inventories, employment, wages, growth, the ability to raise capital or investments.

442. The following sections will address each of these factors in turn before undertaking a holistic assessment of the impact on UK injury.

## H6.1 Sales

443. To assess whether the UK industry has been injured or is being injured, we assessed whether there has been a decline in both the volume and value of sales during the IP. A decline in domestic sales may be an indicator that the UK industry is suffering injury.

444. The following table shows the lack of correlation between the volume and value of UK industry domestic sales of like goods during the IP.

*Table 10: UK industry domestic sales volume and value – 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
Sales volume (Indexed)	100	125	110	127
Sales value (Indexed)	100	116	100	98

*Source: The Applicant's submissions*

445. There had been an upward trend in the UK industry sales volume during the initial stage of the IP. Sales increased in 2018 to 2021 by 27% but the increase was less than the increase in overall consumption of 68% in the UK.

446. UK industry sales value also initially followed a similar trend as sales volume increasing from 2018 to 2019; however, as sales volume increased in 2021, sales value did not follow a similar trend. As the volume of goods concerned increased significantly during 2021, UK industry sales value remained static.

447. The lack of increase in value, in contrast to the increase in volume, is an indicator of injury and an indicator that the UK industry have reduced their prices to compete with the dumped goods from the PRC who had the biggest increase in imports over the same period.

448. CCCME requested on the 18 July 2023 that the TRA take into account the sales made by Draka Comteq UK Limited (Draka), who are a related sales entity of the Applicant. We identified, through verification, that sales from Draka were from

imported goods, rather than UK produced. The TRA therefore deems Draka's sales data to be irrelevant to this investigation.

## H6.2 Profits

449. The following table shows the downward trend in the UK industry profit margin for the domestic sale of like goods since 2019.

*Table 11: Net profit margin – 01 January 2018 to 31 December 2021*

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>POI</b>
Net profit margin (indexed)	100	121	107	43

*Source: The Applicant's submission*

450. There was a significant reduction in the profit margin of the UK industry during the POI, when compared with the rest of the IP. The UK industry aim for a minimum 15% net profit year-on-year, which is the average level shown in the Applicant's figures during the 2018-2020 period. There is a requirement within the OFC industry to have a comfortable profit margin due to the industry being heavily investment driven, with significant financial resources spent on research and development. An example of the areas of investment is expanding technologies such as 5G networks.

451. Profit margins were at their highest for the UK industry in 2019 when Chinese imports had decreased by 15% from the previous year, which shows an inverse correlation between the two. While the total volume of sales for the UK industry was at its highest in the POI this was not reflected in its profits, which were 57% down when compared to the start of the IP. This coincided with the large surge of imports of the goods concerned which appears to have pushed prices down and affected profit margins. The UK industry stated it had to set prices so low in some instances that they could only cover costs which is supported by the low profit margin in the POI.

452. The UK industry state within its [application](#) (Page 145) that it has had to accept loss-making parts of tenders to maintain its presence in the UK market as it bids with competition from the PRC sector. This may become unsustainable for the UK industry in the long term if it continues. The decline in profits during the injury period is a clear indicator of injury suffered by the UK industry.

### H6.3 Market share

453. The following table shows the impact the increased volumes of OFC imports from PRC has had on UK market share throughout the IP.

*Table 12: Changes to UK market share for the UK industry, PRC imports and third country imports of OFC – 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
Market share of UK industry (Indexed)	100	111	94	76
Market share of other UK producers (Indexed)	100	32	82	167
Market share of PRC imports (Indexed)	100	76	114	264
Market share of third country imports (Indexed)	100	102	109	102

*Source: The Applicant's submissions and HMRC import statistics*

454. The TRA has amended the market share figures. Market share is calculated by dividing the UK industry domestic sales volumes of like goods by the total UK consumption figures.

455. Throughout the IP, imports from the PRC have more than doubled their market share as shown in table 12, while the UK industry lost 24% of the market over the same period. The market share of third country imports have remained stable in the IP, suggesting that they have not absorbed any market share from the UK industry.

456. During verification we were able to clarify that UK industry market share was based on UK production only and excluded any imported like goods. Due to the lack of participation from any other UK producer "other UK producers' market

share” has been calculated using CRU industry intelligence and we have been unable to verify the components of the data, in particular the proportion arising from imports. As set out in [Section F1: Scope of the UK Industry](#), we believe that the “other UK producers’ market share” may not solely be limited to production of the like goods in the UK and may contain imports which may include imports from the PRC, therefore not accurately reflecting UK production. Due to lack of participation in the investigation, we have been unable to verify the figures of the “other UK producers’ market share”. However, even if “other UK producers’ market share” was solely from UK production of the like goods, the PRC market share has increased over the IP by 164% as compared with a 67% increase for the other UK producers, suggesting that imports from the PRC have absorbed a far greater share of the market from the UK industry.

457. CCCME requested on 19 May 2023 that the market share data in table 12 be disclosed on the basis that similar market share data was disclosed within the initial application. The TRA maintains that it cannot disclose this data as it has been calculated using confidential sales data from the Applicant, including CRU data containing sales data of other UK producers that cannot be disclosed due to data licensing restrictions. The non-confidential market share data gives the parties a reasonable and sufficient understanding of the market share in the UK.

## H6.4 Growth

458. The Applicant submitted its market share, production, sales, and employment figures for each 12-month period of the IP. The trends for these factors can be seen in the following table. Figures for UK production are given in ckm as this is in line with industry standards for industrial output.

*Table 13: UK industry growth indicators – 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
UK OFC consumption (indexed)	100	112	116	168
UK industry domestic sales volume (fkm) (indexed)	100	125	110	127
UK Industry market share (indexed)	100	111	94	76
UK production (ckm) (indexed)	100	68	72	92
Employment (indexed)	100	91	99	107

*Source: The Applicant's submission and HMRC import statistics*

459. We measured UK industry growth by comparing trends in total UK consumption of OFC with the UK industry domestic sales of like goods, UK industry's market share, production, and employment figures.

460. The UK OFC consumption has increased over the IP. The volumes of UK industry sales and employment also increased but significantly less than the increase in overall consumption.

461. The UK industry's market share and production declined over the IP. It's clear that the increased consumption in the UK has not benefited the UK industry with regard to their market share. Similarly, although their domestic sales volume did grow over the IP we would expect to be at the same rate as consumption.

## H6.5 Productivity and employment

462. We assessed employment trends by analysing the number of employees in the UK industry throughout the injury period. Productivity is measured by establishing the output (in this instance the UK industry used ckm) per employee during the IP. The number of employees includes employees working on the production of like goods and employees working in operational and administrative roles linked to the production of like goods.

463. The following table shows an upward trend in the UK industry employment for like goods production, with a significant reduction in productivity during 2019-2020.

*Table 14: UK industry employment for like goods and productivity – 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
Number of employees (indexed)	100	91	99	107
Productivity (employees/output ckm) (indexed)	100	75	73	87

*Source: The Applicant's submissions*

464. Over the IP the UK industry saw an initial decrease in the number of employees working on or connected to the production of OFCs, before a recovery to a level 7% above the start of the period. However, as explained in [H4. Volume of dumped goods from PRC](#), capacity of the UK industry increased by a much greater extent, 39%, over the same period. The UK industry capacity was not utilised as expected in line with the growth in UK consumption of OFCs due to loss of market share to the goods concerned.

465. Productivity during the POI increased by 14% between 2020 to 2021, which coincided with the largest increase in UK industry capacity. However, productivity levels had already dropped 25% in 2019 and continued to struggle with low productivity levels at 13% below the 2018 mark at the end of the IP.

466. UK consumption increased over the IP while UK industry productivity decreased. The overall decrease of productivity coincides with the significant increase in PRC imports over the IP. However, UK productivity started to increase in the POI, when the volume of goods concerned increased dramatically, therefore indicating that productivity is not a clear indicator of injury in this instance.

## H6.6 Investments, return on investments and cash flows

467. To assess whether UK industry is suffering injury, we considered whether there has been a decline in investments, a decline in return on investments (ROI) and decline in cash flow during the IP.

468. ROI measures business performance and earnings arising from investments. Cash flows and cash flow forecasts give us an overview of a business's capability to invest, maintain operations and grow. A decline in these factors may indicate the UK industry has suffered or is suffering injury.

469. The following table shows the trend increased trend in the UK industry investment and cash flow since 2018, with return on investments showing a downward trend since 2019.

*Table 15: UK industry investment, return on investments and cash flows connected to the like goods production during the injury period – 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
Investments (indexed)	100	800	461	333
Return on investments (indexed)	100	177	46	-119
Cash Flow (indexed)	100	103	868	253

*Source: The Applicant's submissions*

470. Investments and cash flow show similar trends throughout the IP, with a considerable increase in both 2019 or 2020 before a considerable decline in 2021 when imports of the goods concerned increased. It should be noted that there was heavy investment in 2019 when PRC imports decreased by 15% from

the previous year, as shown in table 15. Investments in 2019 were significantly higher due to a drive for increased capacity ahead of an anticipated increase in UK consumption and enhancement of production capabilities (detailed in [Market Analysis F.6](#)).

471. The UK industry state that a drop in profitability in 2021 affected its ability to invest ([see H6.2 Profits](#)). The decrease in investments between 2020-2021 coincides with the drop in profits in 2021.
472. The ROI trend is more severe, increasing in 2019 before decreasing by 219% below the figure at the start of the IP. The heavy investment when compared to the 2018 level has not been beneficial to the UK industry in the POI, as seen from overall profit levels. The cash flow did increase overall during the injury period by 153% but reduced by 615% down in 2021 from the high in 2020.
473. Although these three indicators fluctuate, the trend in return on investments in general is a stronger indicator of injury to the UK industry, coinciding with the large increase in imports of OFC from the PRC. This has significant negative implications for an industry that is heavily investment driven.

## **H6.7 Output and capacity utilisation**

474. To assess whether the UK industry has been injured or is being injured, the TRA assessed whether there has been a decline in output and use of production capacity during the IP. A decline in these economic factors may indicate that the UK industry is suffering injury.
475. Output is measured by the volume of like goods produced by the UK industry during the IP. Capacity utilisation is calculated by looking at output relative to capacity. Capacity utilisation allows us to understand whether the UK industry is using its full capacity to produce the like goods during that period.
476. The following table shows the increased capacity of the UK industry since 2018, together with a reduction in output and utilisation of that capacity during the injury

period. The use of ckm in table 16 is in line with industry standards for industrial output.

*Table 16: Output, capacity, and capacity utilisation for the production of like goods for the UK industry in ckm – 01 January 2018 to 31 December 2021*

	2018	2019	2020	POI
Output (indexed)	100	68	72	92
Capacity (indexed)	100	114	116	139
Utilisation of capacity (indexed)	100	60	62	67

*Source: The Applicant's submissions and HMRC import statistics*

477. The UK industry increased its production capacity by 39% throughout the IP in anticipation of increased UK consumption. However, output and capacity utilisation declined during the same period to below 2018 levels. Output declined by 8% and capacity utilisation declined by 33% from 2018 to 2021. The UK industry has the ability to supply the increased demand in the UK market, demonstrated by its increased capacity; however, it has been unable to utilise this capability during the injury period.
478. The UK industry requires high production utilisation to remain viably profitable. If this current trend continues, the UK industry will face continued injury.
479. The overall decrease in output and utilisation of capacity can be linked to the significant rise in imports from PRC and loss of market share to PRC over the injury period (see [Section H.4 Volume of dumped goods from the PRC](#) and [H6.3 Market Share](#)). Therefore, the areas in table 17 indicate strong evidence that the UK industry is suffering injury from increased PRC imports.

## **H6.8 Inventories**

480. To assess whether the UK industry is suffering from injury, we assessed whether there has been an increased inventory level that may indicate the UK industry has suffered or is suffering injury. The following table shows the increasing trend in the UK industry inventory of the like goods during the injury period.

Table 17: The Applicant's inventory (fkm) of like goods at the end of each year – 01 January 2018 to 31 December 2021

	2018	2019	2020	POI
Inventory (indexed)	100	214	234	279

Source: The Applicant's submissions

481. The UK industry assess its stock levels in terms of value and inventory days.

Table 17 shows a significant increase in stock levels of 179% across the IP. This signifies a slower turnover of sales as the period progresses, which could be linked to the increasing difficulty of the UK industry in selling its products within the UK market due to the increased volume of PRC imports. It must be noted that a large proportion of OFC goods are made to order based on precise specifications through the awarded tendering process. However, a certain proportion of production will be made in anticipation of demand through distribution sales. Increased inventory may therefore not necessarily indicate injury caused by PRC imports.

## H6.9 Wages

482. The Applicant submitted its wage figures for each 12-month period of the IP. The trends for this factor can be seen in the following table and have been compared to the UK minimum wage.

Table 18: UK industry's median wages for employees involved in the like goods compared against the UK minimum wage – 01 January 2018 to 31 December 2021

	2018	2019	2020	POI
Median average wage (indexed)	100	107	104	101
Hourly minimum wage in the UK (indexed)	100	105	111	114

Source: The Applicant's questionnaire response and UK Government information

483. The average wage of the UK industry remained stable throughout the IP. In comparison, the hourly UK minimum wage increased by 14% over the IP. We would expect the UK industry median wage to increase throughout the IP at a

similar rate to the hourly minimum wage in the UK. We are not able to provide details of our specific findings, due to confidentiality, therefore, we have chosen not to consider wage levels as an injury indicator.

## **H6.10 Factors affecting domestic prices**

484. The TRA has assessed factors affecting domestic prices in [Section H5](#) above and concluded that there has been significant price undercutting, as well as price depression by the goods concerned, leading to injury to the UK industry.

## **H7. Other causes of injury (non-attribution)**

485. In accordance with regulation 35 of the Regulations, we considered whether any other known factors other than the dumped imports (“other known factors”) have caused or are causing injury to UK industry. The next sections cover the relevant factors.

### **H7.1 Third country imports and prices**

486. Imports from third countries to the UK were examined to ascertain whether they break the causal link between the dumped goods from the PRC and injury to the UK industry. Tables 20 and 21 focus on the three importing countries with the largest volume of OFC imported into the UK, which were Poland, Germany, and India.

*Table 19: Poland, Germany, and India's import volume of OFC into the UK compared against PRC volume – 01 January 2018 to 31 December 2021*

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>POI</b>
PRC (fkm)	120,962	102,868	159,417	535,565
PRC (indexed)	100	85	132	443
Poland (fkm)	265,170	314,184	530,816	716,988
Poland (indexed)	100	118	200	270
India (fkm)	88,331	162,640	167,533	261,407
India (indexed)	100	184	190	296
Germany (fkm)	363,856	174,550	97,984	230,012
Germany (indexed)	100	48	27	63

*Source: HMRC import statistics*

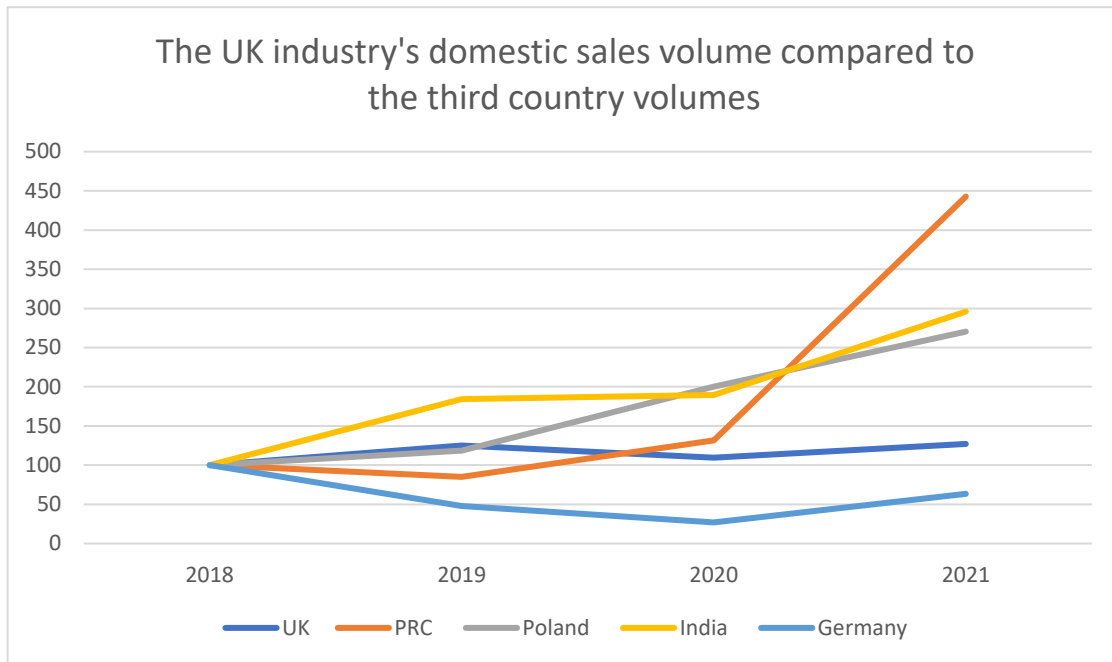
*Table 20: Poland, Germany and India's average import unit price of OFC entering the UK compared against the PRC average import unit price – 01 January 2018 to 31 December 2021*

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>POI</b>
PRC (Indexed)	100	130	86	56
Poland (Indexed)	100	128	97	66
India (Indexed)	100	96	76	79
Germany (Indexed)	100	139	313	184

*Source: HMRC import statistics*

487. The average unit price for third country imports have been calculated by dividing the sales volume (fkm) by sales value, consistent with the methodology for calculating average unit price for the UK and PRC.

Figure 3: The UK industry's domestic sales volume compared to the third country volumes (indexed)



Source: HMRC import statistics

488. The level of imports from Germany significantly decreased in volume and increased in average unit price during the injury period making it unlikely that those imports caused injury.
489. India significantly increased import volumes over the IP, and their average unit price for OFCs decreased by 21% over the same period. However, India's volume increased by 196% compared to the PRC volume increase of 343%. The unit price of imports from India reduced at a steady rate, never dropping lower than 24 percentage points when compared with the PRC figure that dropped 74 percentage points from the 2019 figure. Additionally, the Indian price actually increased in 2021 when the PRC unit price was at its lowest price. At the same time the UK industry lost most of its market share (see [H4. Volume of dumped goods from PRC](#)), hence the TRA consider that India's imports do not break the casual link and that the PRC imports are causing injury to the UK industry.

490. Import volumes from Poland into the UK increased by 170% over the IP, a lower volume increase than both the PRC and imports from India. The average unit price of Polish OFCs dropped at a similar rate to the PRC goods but 10% less at 34%. Whilst these trends may indicate that some injury to the UK industry might be caused by the Polish import volume and prices, there is an absence of any available pricing data that would enable further assessment.
491. Assessing third country import volumes into the UK and average unit price for OFCs at this level of data does not provide a full picture of the true impact the goods have on the UK industry. Telecom operators usually purchase OFC through tenders which are issued on either a yearly basis, or every two to three years. Participation in tenders is usually by invitation with one, two or several negotiation rounds. The whole process is highly confidential with little information provided to bidders on who they are competing against. Therefore, the TRA has found it difficult to assess the country with which the UK industry is in direct competition during the tendering process. The UK industry alleges in its submissions that PRC producers are the main drivers for exercising downward price pressure during tender proceedings and that, even if they are not ultimately selected, they nevertheless force the UK industry to significantly decrease their prices to unsustainable levels. This should be considered when assessing the unit price for OFCs entering the UK.
492. The TRA had very little cooperation from the UK importers so no information could be gathered to dispute the above claim from an independent tendering entity. Therefore, the TRA conclude that the causal link between UK industry injury and increased PRC imports has not been broken by third party imports due to the combined PRC effect of significant increased volume and average unit price reduction during the POI.

## H7.2 Economic impact of the COVID-19 pandemic

493. The TRA considered CCCME and the GOC's submissions following the publication of the SEF regarding the effects of the COVID-19 pandemic on the UK industry's OFC sales volume. It is acknowledged that the pandemic arose in early 2020 and the subsequent lockdown periods enforced by the UK government caused some disruption to supply chains and production.
494. The disruption to production and orders of OFCs in the UK appeared to be limited, and consumption of goods within the UK remained stable in this period. This is reflected in [H4. Volume of dumped goods from PRC](#), which shows UK consumption of OFCs increased by 4% in 2020. Continuing demand of OFCs is supported by a report commissioned by [OFCOM](#) in May 2020, that reported that homes that could access full-fibre broadband in the UK was up by a fifth since September 2019. Additionally, the ability of other high-speed broadband services has continued to increase over the same time period, with the total number of UK homes able to receive superfast broadband having increased by 300,000. This continued demand for improvement may in part be motivated by UK legislation that came into effect in March 2020 that allows households a legal right to request an improved broadband service.
495. By comparing the increase in UK consumption of OFC by 4% in 2020, against UK industry sales volumes in table 20 we can see that sales volumes dropped. The UK industry sales volumes dropped by 15 percentage points in 2020, at a time when PRC increased OFC import volume by 47%. Therefore, the evidence indicates that COVID-19 had little impact on the UK OFC industry, and it was subsidised imports from the PRC that were injuring the UK industry. The TRA concludes that the COVID-19 repercussions in 2020 did not break the link between subsidised imports from the PRC and the injury suffered by the UK industry.

### **H7.3 EU exit**

496. The TRA considered CCCME and the GOC's submissions that the effects of the EU exit (the UK withdrawal from the European Union (EU) on 31 January 2020) was a factor in causing injury to the UK industry. The Applicant's financial report published in 2017 highlights the challenges they would face as a consequence of EU exit, suggesting that there would be an increase in costs of raw materials. However, during verification we were unable to find evidence that the Applicant's cost of production increased significantly throughout the IP.

497. CCCME submitted that the EU exit will increase the UK industry's production costs on the basis that that they will now be liable for import duties on raw materials used for OFC production, specifically citing the 2% duty on optical fibres. We identified that the duty is [suspended on optical fibre cable specifically](#) therefore it is not a factor relevant to increasing production costs of the UK industry. The TRA concludes that the causal link between UK industry injury and increased PRC imports has not been broken by the EU exit.

### **H7.4 Self-inflicted injury**

498. The TRA considered the CCCME submission stating that the Applicant started to expand its production capacity when demand of OFC stagnated, and the Applicant's poor timing for expansion is a factor for injury in the UK industry. We have identified that the Applicant was prepared for the increase in demand for OFC in the UK. The investment and improvement of production was in preparation for the increased consumption and demand in the UK. Therefore, we conclude that the causal link between UK industry injury and increased PRC imports has not been broken by self-inflicted injury.

### **H7.5 Export performance**

499. The TRA considered CCCME's submission that the UK industry's export performance is a factor for injury to the UK industry. Whilst we agree that exports

by the Applicant did decrease in the IP, we do not deem it as a relevant factor to cause injury to the UK industry.

500. The Applicant only exports small volumes of like goods, and primarily focuses on the domestic market, therefore the decrease in exports over the IP has limited impact on the UK industry and does not break the casual link.

## **H7.6 Anti-competitive behaviour**

501. The TRA considered CCCME's submission that the UK industry's anti-competitive behaviour was a factor in causing injury. CCCME state 'The anti-competitive behaviour relates to the Applicant's conviction and fine by the Commission for its active role in long-standing price-fixing cartel concerning power cables'. CCCME commented that the Applicant had reported exceptional legal costs during the IP which has impacted and caused the decline in profits suffered by the Applicant. We have assessed profits on a like goods basis rather than the whole company, therefore the legal costs have not been incurred in our assessment. The TRA concluded that this factor has been resolved and has no relevance on the investigation and therefore does not break the casual link.

## **H7.7 Sales of other domestic producers**

502. The TRA considered the CCCME submission stating that sales by other domestic producers were a factor in causing injury to the UK industry. We noted the increase in sales, depicted by an increase in market share, by other domestic producers in table 12. However, as set out in [Section H6.3](#), the "other UK producers' market share" may contain imports potentially from the PRC in addition to possible domestic production. Given the level of increase in PRC imports we do not consider the increase in other UK producers' market share to break the causal link.

## **H8. Conclusions on injury**

503. We have concluded that the goods concerned are being dumped into the UK and considered the impacts on the UK industry.
504. After an assessment of the 15 injury factors, we have concluded that the OFC industry in the UK has suffered injury caused by the increased volumes of the goods concerned.
505. We have identified that the significant increase in the goods concerned coincided with various negative trends including loss of market share, price depression, price undercutting, profitability, return on investments, output utilisation and productivity.
506. The UK industry has had to forego investment programmes as a result of the price depression caused by the goods concerned. Whilst the reduction in investment costs in 2020 resulted in a slight drop in the level of profit, overall profitability decreased significantly in 2021 in tandem with a reduction again in investment costs in 2021 and increased PRC imports.
507. Other known factors including third country imports and prices have been assessed and we have concluded that the evidence does not break to the causal link due to the combined effect of significant increased volumes of the goods concerned and average unit price during the POI.
508. The TRA therefore concluded that UK industry suffered injury during the IP within the meaning of paragraph 5(1) of schedule 4 to the Act. Substantial undercutting and underselling over an extended period of time by imports originating in PRC, combined with a surge in import volumes, has been evidenced to be the main cause of the injury suffered by the UK industry.

## **H9. Injury amount**

509. The injury margin is the extent of the injury to UK industry. We calculated a margin for each exporter based on the underselling margin. This is calculated by comparing a benchmark UK price (the target price) with the import price (the landed price). The target price is the price at which a UK producer would expect to sell its like goods if it was not being affected by the subsidised imports.
510. The margin was calculated using both SDG & SDGI costs data. We combined these figures to calculate an individual injury margin for the combined SDG Group.
511. Due to the close connection of SDG and SDGI, we calculated a combined injury amount for both, therefore we have been unable to calculate a weighted average non-sampled cooperative overseas exporter injury amount so this will be the same amount as the SDG Group.
512. We calculated an injury margin for all other overseas exporters. This is known as the residual injury margin.
513. During verification we were able to establish a reasonable level of profit for an optical fibre manufacturing business in the UK. The methodology used to calculate the injury margins is set out in the sections below.

### **H9.1 Target price**

514. The target price is the price at which the UK producer would expect to sell its like goods if it was not being affected by the dumped goods.
515. We calculated the target price by using the UK industry cost of production for the like goods, adding its AS&G costs, and applying a normal rate of profit. The normal rate of profit was set at 15% (profit margin) in this instance, which was based on historic data from the UK industry and what the TRA considers to be expected by the OFC industry under normal competition. This profit margin is

higher than might be expected for other industries due to the high-investment nature of the goods and the need to invest in research and development to ensure the business is competitive.

## **H9.2 Landed price**

516. The landed price is the price of the goods concerned when they arrive at the UK port. It equates to the CIF (Cost, Insurance and Freight) import price plus any relevant import duties and other costs associated with import.

517. We calculated the landed price by using the CIF UK export price of the sampled exporters. The CIF value was provided in USD and YUAN, and the HMRC monthly exchange rate was used to convert the price to GBP.

## **H9.3 Residual injury margin**

518. Regulation 38(3) of the Regulations states that the TRA may determine the residual amount using any reasonable means.

519. In line with regulation 38(4)(b) of the Regulations the TRA has determined the residual injury margin taking account of information contained in the Applicant's and SDG Groups' questionnaires.

520. The residual injury margin has been set by using a method of selecting the highest injury margin established for a PCN that had high sales volume when compared to the total export volume during the POI.

## H9.4 Injury margins

521. Using the approaches and data detailed above, we calculated the following injury margins for overseas exporters from the PRC.

*Table 21: Injury margins*

<b>Country</b>	<b>Overseas exporter/producer</b>	<b>Injury margin</b>
PRC	SDG Group	64.5%
PRC	Non-sampled co-operating exporters	64.5%
PRC	All other overseas exporters (residual amount)	75%

# Section I: Economic Interest Test

## I1. Introduction

522. The aim of the Economic Interest Test (EIT) is to determine whether the application of anti-dumping measures on the goods concerned is in the economic interest of the UK. This test is presumed to be met unless we are satisfied that the application of the measures is not in the economic interest of the UK.

523. In accordance with paragraph 25 of Schedule 4 to the Act, the EIT is met in relation to the application of an anti-dumping remedy if the application of the remedy is in the economic interest of the UK.

524. The TRA may only make a recommendation to the Secretary of State that an anti-dumping amount should be applied to the goods subject to a final affirmative determination where that recommendation meets the EIT, in accordance with paragraph 17(5) of Schedule 4 to the Act.

525. In line with paragraph 25 of schedule 4 to the Act, the TRA has taken account of the following in conducting the EIT:

- the injury caused by the dumping of the Goods concerned to a UK industry in the goods and the benefits to that UK industry in removing that injury;
- the economic significance of affected industries and consumers in the UK;
- the likely impact on affected industries and consumers in the UK;
- the likely impact on particular geographic areas, or particular groups, in the UK;
- the likely consequences for the competitive environment, and for the structure of markets for goods, in the UK; and

- such other matters as the TRA considers relevant.

## **12. Evidence base**

526. Our primary evidence sources were questionnaire responses from interested parties. The following responses contained information relevant to the EIT:

- One response from the Applicant.
- One response from a downstream user and importer of OFC.

527. We invited several other stakeholders to participate in this investigation; however, no other parties submitted evidence in relation to the EIT.

528. We supplemented the questionnaire responses with evidence from background research and collated additional information from UK government data sources, and recognised market data providers. The TRA has also conducted research relating to parties that have not participated in this investigation.

529. The sections that follow assess each of the factors of the EIT in turn.

## **13. Injury caused by dumping and benefits to UK industry in removing injury**

530. In [Section H: Injury](#), we found that the UK industry has been suffering injury as a result of the goods concerned.

531. An assessment of the 15 injury factors determined that the significant increase in imports of OFC from the PRC coincided with a deterioration of the UK industry. Several factors saw negative trends during the injury period, including profits, sales, market share, productivity and return on investments. We also found evidence of price undercutting with an average margin of 39.4% during the POI, which has led to price depression for the UK industry.

532. The injury assessment concluded that there would be further injury to the UK industry were an anti-dumping amount not imposed. This imposition of an anti-dumping amount would prevent further injury, allowing the UK industry to regain lost market share and improve its profitability.

## **I4. Economic significance of affected industries and consumers in the UK**

533. This section sets out the relative size and significance of the affected industry and consumers within the OFC supply chain. From the available evidence, the TRA identified the following groups in the UK as potentially being affected by an anti-dumping measure.

- upstream suppliers of raw materials;
- UK producers of OFC;
- distributors and importers of OFC;
- downstream industries; and
- consumers.

534. It should be noted that there is overlap between these groups. We have attributed all known businesses to one of these groups based on their principal activity to avoid double counting. Distributors and imports have been analysed together as many distributors are importers.

### **I4.1 Upstream businesses**

535. We did not receive any submissions from upstream businesses, but we identified three upstream businesses based in the UK. These businesses supply raw materials to several industries, including the OFC industry.

536. Our analysis of the available evidence suggests less than 1% of the turnover of these upstream businesses comes from sales to OFC producers. Therefore, OFC is unlikely to be very important for these businesses.

## **I4.2 UK producer**

537. There is one confirmed UK producer of OFC in the UK (see [F1. Scope of the UK industry](#)).

538. In 2021, the Applicant employed 1,035 people and their turnover was £543.3m. Their EDITDA margin was 6.9%. We estimate that their Gross Value Added (GVA) was £88.0m. The available evidence suggests that OFC are somewhat important to producers, when considering revenue from OFC sales relative to total company turnover.

## **I4.3 Distributors and Importers**

539. Distributors and importers play a similar role in supplying OFC to downstream industries. Data was available for six of the 14 known distributors and importers of OFC. These firms employed 1,019 people across the UK based on accounts filed for the year 2021 and had a total turnover of £627.6m. They had an EBITDA margin of 1.6%. We estimate that their GVA was £64.5m.

540. The available evidence on purchases of OFC suggests that they are somewhat important to two of the six known businesses and unlikely to be very important for the other four.

## **I4.4 Downstream industry**

541. We identified 67 downstream businesses and received one questionnaire response. We selected 10 businesses that have the largest proportion of purchases of OFC based on available data. Based on accounts filed for the year 2021, these businesses employed 85,728 people and their total turnover was

£22.7bn. For the same period, we estimate that their average EBITDA margin was 12.1% and their combined GVA was £3.1bn.

542. There are some firms operating within the main downstream industries, telecoms, and broadband, that are vertically integrated. These tend to be larger firms, for example, some broadband providers are also network operators and own the infrastructure they use to provide their services to customers. Small firms generally rent the network with their main operation focused on the services provided to customers.

543. While OFC is used as an input for the downstream businesses identified, not all their employment can be directly attributed to OFC. For example, OFC is a key part of the infrastructure for fibre broadband, however operations for some businesses extend beyond this. For example, BT sales of TV packages, which are not directly related to OFC, will contribute to its employment and financial figures. The available evidence suggests that OFC is somewhat important to a small number of the sampled firms when considering their purchases of OFC.

544. As OFC are used in various industries, the total number of downstream businesses is likely higher than those identified. We have no evidence to suggest that any of these industries are dependent on OFC imported from the PRC.

## **I4.5 Consumers**

545. OFCs are themselves not typically regarded as a consumer good. They are a key part of the infrastructure in providing services to consumers, with the most widely used application in fibre broadband for internet connectivity.

## **I4.6 Summary Table**

546. Table 22 presents evidence on the economic significance for segments of the OFC supply chain. Based on the comparative metrics set out in the table, we

believe OFC are a somewhat important product for the UK producer, distributors and importers, and downstream businesses.

Table 22: Summary table for the significance metrics for affected industries

	<b>Upstream businesses</b>	<b>UK producers</b>	<b>Distributors and importers</b>	<b>Downstream businesses</b>
Total known businesses	3	4	14	68
Total selected	3	1	6	10
Estimated importance of OFC to this group	Not very important (UK producer raw material costs vs upstream business turnover)	Somewhat important (OFC sales revenue vs whole business turnover)	Somewhat important (value of OFC purchases vs distributor/importer turnover)	Somewhat important (UK producer OFC sales revenue vs downstream business turnover)
Total employment of selected businesses	N/A	1,035	1,019	85,728
Total GVA of selected businesses (£m)	N/A	88.0	64.5	3,065.7
Total turnover of selected businesses (£m)	N/A	543.3	627.6	22,721.6
Average EBITDA margin for selected businesses (%)	N/A	6.9	1.6	12.1
Vulnerability to economic shocks	Low – company profitable across the IP, with profits increasing in 2021	Low – producer remained profitable throughout the IP, with profits increasing in 2021	Medium – some companies experienced negative profits across the IP, whilst others were profitable	Low – most companies were profitable during the IP, only two firms experienced negative profits

*Sources: Questionnaire responses, Companies House and Dun & Bradstreet.*

*Methodology: The importance of OFC to each of the groups was estimated using the comparison metrics set out in brackets for each group. GVA was estimated by summing operating profits, employment costs, depreciation, and amortisation. Average EBITDA margin was estimated by dividing the sum of operating profit, depreciation, and amortisation by turnover. The assessment of vulnerability to negative economic impacts was made by looking at financial data from 2017-2021, with gross profits being the measure of financial wellbeing used.*



## **15. Likely impact on prices and quantities of affected industries and consumers**

547. This section assesses how prices and quantities of products throughout the supply chain may vary with and without the imposition of an anti-dumping measure. We then assess the impact of any changes in prices and quantities on affected industries and consumers.

### **15.1 Prices and quantities in the event anti-dumping measures are imposed**

548. The imposition of a measure is likely to increase the prices of imports from the PRC by up to the level of the anti-dumping amount (23.0%).

549. The higher price of imports following the imposition of a measure is likely to lead to a decrease in imports of OFC from the PRC. However, we do not expect an immediate decline as there may be outstanding orders to be completed for contacts agreed ahead of time between suppliers. Given that the UK producer has some available capacity, the decrease in imports from the PRC could be filled by increased domestic supply or imports from third countries in the long term. We expect demand to remain unchanged even if prices of domestically produced and imported OFC increase, due to the lack of comparable alternative products to OFC.

550. The prices for importers and distributors that source OFC from the PRC will likely increase by up to the level of the anti-dumping amount.

551. We expect overall consumption of OFC to either remain unchanged or increase. This is because evidence from questionnaire responses and background research suggests that demand for OFC is relatively insensitive to changes in

prices given the importance of fibre broadband and the lack of substitutes for OFC, especially when comparing the speed of fibre broadband to alternatives. Demand from suppliers investing in faster broadband is expected to continue, particularly to fulfil infrastructure projects delayed due to the Covid pandemic. [Project Gigabit](#), the government's programme to install fast broadband in hard-to-reach areas not included in suppliers' plans, will also sustain demand for OFC.

552. Cost increases for downstream industries that use OFC will largely depend upon the nature of the product. For the main downstream industries that use OFC, such as broadband and telecoms, they are an essential part of the infrastructure. This means that cost increases could be passed to final consumers, where price increases will depend on factors such as competition, price sensitivity and substitutability of the downstream services.
553. As previously mentioned, some downstream businesses are vertically integrated, providing services to consumers whilst also managing the infrastructure as network operators. These firms may have the ability to absorb some of the cost increases rather than passing onto customers or may have increased leverage to pass some of the costs onto smaller firms who rent the broadband network to provide their services to customers. Smaller firms who are less able to absorb these cost increases are more likely to pass them onto their customers. This demonstrates the uncertainty around the extent to which the costs of tariffs may be passed on to customers.
554. The impact of a measure on broadband consumers depends on whether downstream industries increase prices due to a potential increase in their costs. Many providers include clauses in the terms and conditions of their contracts for yearly price increases in line with the Consumer Price Index (CPI) and to account for rising business costs. Therefore, increases in costs can be passed onto consumers in line with the percentages quoted in contracts, [usually around 4-5%](#). Some providers will allow customers to switch suppliers within their contract

period with no exit fees following price increases. For out-of-contract customers, price increases may be larger as broadband providers are able to increase prices. Other factors will also influence prices including supply of broadband, regional competition, and market segmentation, with some of these factors applying downward pressure on prices.

555. We have produced illustrative estimates of the potential increase in broadband prices for consumers from the imposition of the measure using publicly available data. The [Commission's final recommendation](#) to impose an anti-dumping duty on OFC imported from the PRC stated that OFC represented 5-10% of total costs of network projects based on information from interested parties. Using these Commission estimates in the absence of UK-specific evidence, and assuming that all additional costs are passed to consumers in a worst-case scenario, the proposed anti-dumping amount of 23.0% could translate into percentage price increases of 1.2% to 2.3%. Broadband prices paid by consumers can vary considerably, so we looked at data on the highest and lowest monthly [broadband prices by city in the UK](#), an approximate range of £25 to £45. Applying the estimated percentage price increases to the range of broadband prices provides an illustrative monthly price increase of 30p to £1. However, this represents an illustrative worst-case scenario where all additional costs are passed on to consumers.

556. In reality, we expect the consumer impacts to be smaller. This is largely because of competition between broadband providers which may lead to downstream firms absorbing some of their increased costs to attract and retain customers. Moreover, there is no evidence that downstream firms are reliant on imports of OFC from the PRC and the market is competitive, which means there is the possibility for firms to source OFC from cheaper third country sources. Further, the OFC contained within broadband infrastructure typically has a long lifespan and is not regularly replaced, so downstream users of OFC would not regularly face increased costs that they may seek to pass on to their consumers.

## **15.2 Prices and quantities in the event an anti-dumping measure is not imposed**

557. Questionnaire responses suggest that UK demand for OFC is expected to increase alongside the overall growth of the fibre broadband sector. An increase in imports will be necessary to facilitate this increase in demand because, in the long term, domestic capacity to produce and supply OFC will not be sufficient. Current nationwide rollouts of fibre broadband, including Project Gigabit, are acting as a sustained source of demand for OFC, which would likely continue with or without the imposition of an anti-dumping measure. This increased demand could lead to prices of OFC increasing.
558. If an anti-dumping measure is not imposed, dumped goods from the PRC will continue to displace domestically produced OFC. During the IP, the volume of imports from the PRC increased significantly. The price undercutting of dumped goods from the PRC will continue to cause injury. Consequently, quantities produced by the UK industry are likely to decline due to their inability to reduce prices to compete with the dumped goods.
559. Based on current trends there is the possibility of further price undercutting, which may further depress prices of OFC in the UK market. However, if suppliers exit the market due to their inability to compete with imports from the PRC, the reduced competition may lead to an increase in prices, in the long term.
560. The UK producer highlighted the risk of further injury due to potential trade deflection from the EU to the UK after the EU's imposition of definitive anti-dumping duty on imports of OFCs on 17 November 2021 and countervailing measures on 18 January 2022. We acknowledge this risk, given the increase in imports of OFC from the PRC during the injury period.
561. If a measure is not imposed, we do not expect price increases for consumers. However, broadband customers may see price increases, in line with CPI as a

minimum, as set out in the terms and conditions of their contracts. Additionally, government subsidisation of high-speed broadband in rural areas may lead to prices falling in the long-term.

562. From the parallel subsidy investigation, AS0022, there is a possibility that a countervailing duty will be applied to imports of OFC from the PRC even if an anti-dumping amount is not imposed, which could lead to some prices increases.

## **16. Likely impacts on affected industries and consumers**

### **16.1 UK producer**

563. The imposition of a measure would prevent further injury to the UK industry. A measure will allow them to compete with fairly priced imports and thus maintain levels of production required to satisfy a growing domestic market.

564. The non-imposition of an anti-dumping measure is likely to see the UK industry continue to lose market share to dumped goods from the PRC due to their inability to reduce prices. This will likely lead to further deterioration of the domestic producers' market position in the long term.

### **16.2 Distributors and importers**

565. If an anti-dumping measure were to be imposed, the distributors and importers that source OFC from the PRC are likely to see prices increase by up to the level of the anti-dumping measure with no change expected for those who source OFC from third countries. The impact on the firms sourcing from the PRC will depend on the extent to which they can pass any cost increases onto their customers in downstream industries. As OFC are essential for some industries, particularly in the absence of substitutes, it is likely that distributors and importers will pass some cost increases on. Demand for imports may decrease slightly.

566. We do not expect any significant impacts on distributors and importers if an anti-dumping measure is not imposed. However, it is possible that they gain the market share lost by the UK producer.

### **16.3 Downstream businesses**

567. There is limited information to assess the impact for all downstream industries that use OFC as part of the infrastructure to provide services to consumers. If an anti-dumping measure is imposed, costs are likely to increase for some downstream businesses, which may be passed on to final consumers. The extent of this depends upon several factors, including the price sensitivity and substitutability of downstream services.

568. If an anti-dumping measure is not imposed, we do not expect downstream businesses to be significantly impacted in the short-term.

### **16.4 Consumers**

569. If a measure is imposed, there could be a small negative impact on individual consumers, which could translate into a material increase in costs for broadband to consumers in aggregate terms. However, as discussed in [Section 15.1](#), our illustrative estimates of price impacts represent a worst-case scenario and it is unlikely that these impacts would materialise due to competition between broadband suppliers, we have no evidence of suppliers being reliant on imports of OFC from the PRC, and the possibility to source OFC from cheaper third country suppliers.

Table 23: Expected impacts on affected groups if an anti-dumping measure is imposed

Group	Expected impacts
UK producer	Significant positive impact for domestic producer
Distributors and importers	Small negative impact
Downstream businesses	Small negative impact
Consumers	Small negative impact on individual consumers, with a larger impact in aggregate terms

## 17. Likely impact on particular geographic areas, or particular groups in the UK

### 17.1 Likely impact on particular areas

570. The TRA considered the geographic areas where UK producers, distributors, importers, upstream and downstream industries were located, as identified through questionnaire responses. The stakeholders included in our analysis are limited to those identified during the investigation and therefore may not represent the complete OFC industry and related industries within the UK.

571. We assessed the significance of affected industries by examining the employment of affected industries as a proportion of total employment in each local area. However, due to the absence of granular data, it was not always possible to attribute employees within a firm to particular sites in the UK.

### 17.2 UK producer

572. The UK producer operates four production sites across the UK and provided employment data for three of these sites. One site is located in South England, two sites in Wales and one in North-eastern England. The site that focuses on OFC is located in Eastleigh in South England. Employment as a proportion of

total working-age population in this area is less than 1% so we do not expect the imposition or non-imposition of an anti-dumping measure to have any significant impacts.

### **17.3 Distributors and Importers**

573. We considered the locations of the selected distributors and importers using available evidence and found that sites for these companies are located across England. We do not expect significant impacts from the imposition or non-imposition of an anti-dumping measure as employment for each site was not a significant proportion of total employment in each area.

### **17.4 Downstream businesses**

574. For downstream businesses, which are predominantly broadband and telecoms providers and installers, we have limited information to analyse regional impacts. Although information on locations of headquarters is available, operation sites are far more extensive, particularly for larger firms. The pace at which high-speed fibre broadband is being rolled out across the UK also means that operations of downstream industries remain dynamic as they continue to expand.

### **17.5 Likely Impact on Particular Groups**

575. The TRA considered the likely impact on particular groups including those with protected characteristics as defined by the [Equality Act 2010](#).

## **18. Likely consequences for the competitive environment, and for the structure of the market, in the UK**

576. The assessment of the likely consequences for the competitive environment and structure of the UK market considers four areas:

- a) the impact on the number or range of suppliers;
- b) the impact on the ability of suppliers to compete;
- c) the impact on the incentives to compete vigorously; and
- d) the impact on the choices and information available to consumers.

### **18.1 Background**

577. There is one confirmed UK OFC producer, with three other cable producers with unknown OFC production volume and 14 known UK distributors and importers of OFC. There are also a range of suppliers in the PRC and third countries exporting to the UK. During the POI, the UK imported OFC from 73 countries, including the PRC.

578. We estimated that the UK producer accounted for approximately 50% of total domestic consumption of OFC during the POI. Imports from the PRC, as a percentage of total UK consumption, more-than-doubled during the same period, from 3.6% to 9.4%, demonstrating the increasing influence of imports from the PRC (The unit of measurement for the estimated market shares is fkm). The rest of the market was supplied by imports predominantly from Germany, India, and Poland.

## **18.2 Impact on the number or range of suppliers**

579. The market for OFC has high barriers to entry in the form of technological expertise and investment. The level of expertise required to efficiently produce OFC at scale means that there is unlikely to be an increase in the number of UK producers with the imposition or non-imposition of a measure.

580. The imposition of a measure may lead to a reduction in the number or range of suppliers from the PRC. We expect the UK market to remain competitive, even if suppliers from the PRC exit the market, as there are suppliers from a number of third countries exporting OFC to the UK. A measure will allow the UK industry to compete on a level playing field with imports from the PRC. Any reduction of OFC imports from the PRC will likely be fulfilled by domestic production, imports from third countries, or a combination of the two.

581. The number or range of suppliers is unlikely to change with the non-imposition of a measure.

## **18.3 Impact on the ability of suppliers to compete**

582. The imposition of a measure will increase the prices of dumped imports from the PRC, which is likely to reduce the ability of PRC suppliers to compete. However, the removal of price undercutting will allow the UK industry to compete with imports of OFC from the PRC on a level playing field. The prevalence of imports, which are required to satisfy UK demand, suggests that suppliers in third countries will be able to compete with or without the imposition of a measure.

## **18.4 Impact on the incentives to compete vigorously**

583. There is no evidence to suggest that suppliers would face reduced incentives to compete vigorously with the imposition or non-imposition of a measure. The

tender process requires vigorous competition, as suppliers need to fulfil the requirements of the tender, so we do not expect any significant impacts.

## **18.5 Impact on the choices and information available to consumers**

584. There is limited evidence to suggest that the choices and information available to consumers would be impacted by the imposition or non-imposition of a measure. The available evidence on how the market operates indicates that downstream industries have a choice between domestically produced versus imported OFC.

## **19. Such other matters as the TRA considers relevant**

585. As part of the EIT assessment, the TRA can consider any other factors that may be relevant in concluding whether the proposed measure is in the economic interest of the UK.

586. We found no evidence of any other relevant factors for this investigation and no evidence was submitted by interested parties.

## **110. Conclusions**

587. In accordance with paragraph 25 of Schedule 4 to the Act, the EIT is met in relation to the imposition of a measure if the application of the anti-dumping amount is in the economic interest of the UK. This test is presumed to be met unless the TRA is satisfied that the application of the anti-dumping amount is not in the economic interest of the UK.

588. As described within [section H: Injury](#), we determined that the UK industry has been suffering injury due to the goods concerned. The injury assessment concluded that there would be further injury were a measure not recommended.

589. [Section 14](#) assessed the financial metrics of the different groups that make up the supply chain for OFC in the UK. We found that OFC was somewhat important to UK producers, distributors and importers, and downstream businesses.
590. [Section 15](#) found that the imposition of a measure would prevent further injury to the UK industry. While the imposition of a measure would increase the price of the goods concerned by up to the level of the measure, it would allow the UK industry to compete on a level playing field. The relative price inelasticity of OFC means that distributors and importers could pass increased costs onto their customers. This means downstream industries that use the infrastructure OFC is part of may increase prices for consumers, however this would depend on price sensitivity, competition and substitutability of downstream products and services. The impacts on consumers could be large in aggregate terms but small at an individual level. In contrast, not imposing a measure would cause further injury to the UK industry. The continued pressure on prices would further squeeze profit margins and could lead to declines in investment, which is unsustainable for an industry that is heavily investment driven.
591. We concluded in [section 16](#) that the imposition or non-imposition of a measure is not expected to have any geographical impacts due to sites being distributed across the UK and employment for each site being a small proportion of total employment in each area. There was no evidence of impacts on particular groups.
592. In [section 17](#), we determined that the market is competitive given the range of suppliers and due to businesses having to compete for tenders. The imposition of a measure would be unlikely to substantially affect the level of competition in the OFC market.
593. We have identified the following key positive impacts of imposing the measure:
- The UK industry would benefit due to prevention of further injury.

- The UK industry would be able to compete with imports on a level playing field, increase profitability and realise returns on its investments.

594. The contrasting key negative impacts are:

- Importers and distributors would be unable to source cheaper OFC from the PRC.
- Downstream industries may face increased input costs.
- The impact on consumers could be large in aggregate terms, when considering the potential price increases for broadband, but small at an individual level.

595. We do not have evidence to suggest that the potential negative impacts are disproportionate to the potential positive impacts. Though potentially material in aggregate terms, the illustrative impacts on consumers present a worst-case scenario and are likely to be smaller in reality whereas we consider that the impacts for the UK industry are more certain and severe. Therefore, having considered the evidence submitted by interested parties and all of the factors listed in the legislation, we have concluded that the EIT is met.

## **Section J: Final Determination and recommendation**

596. Our final determination is set out below.

597. We make a final affirmative determination under paragraphs 11(5) and 11(6)(a) of Schedule 4 to the Act on imports of the goods concerned originating from the PRC as described in the NOI, that fall under commodity code: 854470 0010.

598. We have determined that the goods concerned have been or are being dumped into the UK and the dumped goods have caused or are causing injury to a UK industry in those goods. The TRA has determined that the EIT is met for our final affirmative determination, and we therefore recommend to the Secretary of State that a definitive anti-dumping measure is imposed.

599. In accordance with paragraphs 17(4), 18(2)(a), and 18(5) of Schedule 4 to the Act, we recommend that the Secretary of State impose an ad-valorem duty on the goods concerned which are the subject of the Final Determination

600. In accordance with paragraph 18(6) of Schedule 4 to the Act, the TRA recommends that the Secretary of State impose the lower of the two margins (the dumping margin) as the anti-dumping amount. Individual company margins as well as the residual amount are shown below.

Table 24: Recommended ad-valorem duty rates

Country	Overseas exporter/producer	Dumping Margin	Injury Margin	Level of Duty
PRC	SDG Group	23.0%	64.5%	23.0%
PRC	Suzhou Furukawa Power Optic Cable Co.,Ltd.	23.0%	64.5%	23.0%
PRC	Shanghai Wanbao Optical Technologies Co. Ltd	23.0%	64.5%	23.0%
PRC	Ningbo Geyida Cable Technology Co.,Ltd	23.0%	64.5%	23.0%
PRC	XDK Communication Equipment Huizhou Co., Ltd.	23.0%	64.5%	23.0%
PRC	Jiangsu Fasten Optical Cable Co., Ltd.	23.0%	64.5%	23.0%
PRC	Hengtong Optic-Electric co. Ltd.	23.0%	64.5%	23.0%
PRC	ZheJiang JinYuan WanBao Optical Fiber Co. Ltd.	23.0%	64.5%	23.0%
PRC	FibreHome Telecommunication Technologies Co Ltd	23.0%	64.5%	23.0%
PRC	All other overseas exporters (residual amount)	46.2%	75%	46.2%

601. As previously noted, the PAD and the recommendation to require a guarantee was made pursuant to paragraphs 11(3) and 13(3)(a) of Schedule 4 to the Act. The provisional measures came into effect on 11 July 2023 with a requirement that importers of the goods concerned provide a guarantee in the form of cash, a bond, or a bank guarantee, equal to the estimated amount of provisional anti-dumping duty due on their imports of goods from the People's Republic of China.

602. We therefore also recommend, in accordance with paragraph 19 of Schedule 4 to Act, and regulation 91 of the Regulations, that the definitive measures which are the subject of the Final Determination should apply to imports of the goods concerned from 11 July 2023.

603. This means that, in line with paragraph 18(3) of Schedule 4 to the Act, our recommendation is that the definitive measures apply as an ad-valorem duty for a period of five years from the day after publication of the Secretary of State's notice giving effect to this recommendation plus the period from 11 July 2023 until the date of publication of that notice.

## Annex A: Interested parties and contributors

Table 25: Summary of information received from Interested parties and contributors

	Interested Party/Contributor	Information Received	Status
1.	Prysmian Cables & Systems Ltd	Application, Pre-Sampling Questionnaire (PSQ), Questionnaire, PAD Comments	Applicant
2.	Yangtze Optical Fibre and Cable Joint Stock Limited Company (YOFC)	PSQ	Sampled, Non-cooperative
3.	Jiangsu Zhongtian Technology Co. Ltd (ZTT)	PSQ	Sampled, Non-cooperative
4.	Shenzhen SDG Information Co. Ltd	PSQ, Questionnaire, SEF and PAD Comments	Sampled
5.	Shenzhen SDGI Optical Network Technologies Co., Ltd.	PSQ, Questionnaire, SEF and PAD Comments	Sampled
6.	Suzhou Furukawa Power Optic Cable Co.,Ltd.	PSQ	Non-Sampled Exporter
7.	Shanghai Wanbao Optical Technologies Co. Ltd	PSQ	Non-Sampled Exporter

8.	Ningbo Geyida Cable Technology Co.,Ltd	PSQ	Non-Sampled Exporter
9.	XDK Communication Equipment Huizhou Co., Ltd.	PSQ	Non-Sampled Exporter
10.	Jiangsu Fasten Optical Cable Co., Ltd.	PSQ	Non-Sampled Exporter
11.	Hengtong Optic-Electric co. Ltd.	PSQ	Non-Sampled Exporter
12.	ZheJiang JinYuan WanBao Optical Fiber Co. Ltd.	PSQ	Non-Sampled Exporter
13.	FibreHome Telecommunication Technologies Co Ltd	PSQ	Non-Sampled Exporter
14.	Ministry of Commerce, PRC (MOFCOM)	Registration questionnaire (RQ), PAD and SEF Comments	Participant, Non-cooperative
15.	China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME)	RQ, Questionnaire, additional submission, PAD and SEF Comments	Participant
16.	BT Telecommunications plc (BT)	PSQ	Non-cooperative
17.	Mayflex UK Limited	PSQ	Non-cooperative

18.	Corning Kablo ve Sistemleri Ltd.	RQ, Questionnaire response	Participant
19.	Türk Prysmian Kablo Ve Sistemleri A.S.	RQ, Questionnaire response	Participant

## Annex B: PCN Structure

*Table 26: Product Control Number (PCN) structure of AD0021*

Description	Value	Comments
Type of single mode optical fibre in the cable	A	<a href="#">Type G.652D</a>
	B	<a href="#">Type G.657 A1</a>
	C	<a href="#">Type G.657 A2</a>
	D	<a href="#">Type G.654</a>
	E	Other types of single mode optical fibre
Number of fibres in the cable	NNNNN	An optical fibre cable with 48 fibres would be marked as 00048
First (innermost) cable jacket	A	polyethylene (PE) + embedded radial strength member (RSM)
	B	polyethylene (PE) sheath
	C	Halogen Free Flame Retardant (HFFR)
	D	Other type of jacket