

**Comments by Prysmian Cables & Systems Ltd on the Provisional Affirmative
Determination in the anti-dumping investigation concerning imports of optical fibre cables
originating in China**

Case AD0021

1. On 9 June 2023, the Trade Remedies Authority (“**TRA**”) informed Prysmian Cables & Systems Ltd (“**Prysmian UK**”), the complaining UK industry, in the Provisional Affirmative Determination (“**PAD**”), “*how the decision to make a PAD and recommendation to require a guarantee were reached during the course of the investigation to date, the basis upon which the provisional dumping margins have been calculated (including a particular market situation [...] and the basis on which the estimated anti-dumping amounts relevant to the recommended guarantee have been calculated*” (§18 of the PAD). The TRA also informed the interested parties that it would recommend to the Secretary of State for Business and Trade (the “**Secretary of State**”) the imposition of a guarantee that is equivalent to the estimated anti-dumping amount on the imports of goods concerned as determined in the PAD.

2. Prysmian UK welcomes the TRA’s recommendation to impose a guarantee and is pleased with the thorough analysis conducted by the TRA in this particularly complex case. The guarantee will hopefully contribute to restore fair competition on the UK market and remedy the market distortions caused by the injurious dumped imports of optical fibre cables from China. Prysmian UK would like to take this opportunity to make the following additional comments.

1. PRYSMIAN UK WELCOMES THE TRA’S FINDINGS IN THE PROVISIONAL AFFIRMATIVE DETERMINATION

3. Prysmian UK welcomes the TRA’s recommendation to impose a guarantee on imports of optical fibre cables from China, which ranges from 31.5% (on the SDG Group and cooperating Chinese exporting producers) to 47.2% (on non-cooperating Chinese

producers) – even though Prysmian UK regrets that the proposed guarantee falls short of the average 94% duty rate estimated in the Application.

4. At the same time, Prysmian UK notes that the TRA has left open two issues in the PAD which may potentially increase the level of the guarantee, namely: (1) whether the land prices and rent rates (i.e., the “*provision of land*”) are artificially low, which would affect the production cost of optical fibre cable in China; and (2) whether energy prices in China are subject to non-commercial factors, in which case the TRA would conduct a comparison of the Chinese producers’ energy cost against an international benchmark to determine whether there is a price difference. At the same time, the Statement of Essential Facts (“*SEF*”) – which usually comes before the PAD, although this time came together with the PAD – takes the contradictory position that these two issues do not merit further adjustment of the proposed measures. Prysmian UK hopes that a positive finding of further market distortions will contribute to increase the level of the proposed guarantee.
5. In any event, the TRA’s findings are a clear confirmation of what Prysmian UK has been arguing throughout this entire proceeding, namely that the Chinese producers of optical fibre cables, which are heavily subsidised by the Chinese Government, are not competing fairly on the UK market and have been causing material injury to the UK industry.
6. Prysmian UK also agrees with the TRA’s finding that the UK industry has been suffering material injury within the meaning of paragraphs 31 to 33 of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulation 2019 (the “*Regulation*”) due to the injurious dumping from China. Over the period concerned (2018 to 2021), the macro-economic indicators leave no room for doubt that anti-dumping measures are absolutely necessary since: (1) import volumes of optical fibre cables from China have increased significantly (+343%); (2) the UK industry’s production decreased by 7% in a market where UK consumption increased by 42%; (3) production capacity utilisation fell by 8%; and (4) the market share of the UK industry dropped by 37%.
7. The micro-economic indicators also conclusively show that the UK industry has been suffering material injury because of the dumped imports of optical fibre cables from China. Over the period concerned (2018 to 2021), the TRA conclusively determined that: (1) the

average UK industry price decreased by 20%; (2) the level of stocks increased by 179%; (3) the net profit margin decreased by 57%; and (4) the return on investments fell sharply by 119%.

8. As rightfully pointed out by the TRA, the UK industry was forced to reduce its prices to compete against lower priced dumped goods from China. Over the period concerned (2018 to 2021), the average import price of optical fibre cables from China decreased by 44% which caused the average UK industry price to fall by 20%. The TRA has confirmed that Chinese producers have been aggressively undercutting UK producers by an average of 38.71% which, incidentally, is in the range of the undercutting level estimated in the Application, *i.e.* 45%.
9. In view of the material injury suffered by the industry, Prysmian UK considers that the proposed measures will contribute to adequately support a viable UK optical fibre cable industry and allow the UK industry to resume the important investments that are necessary to remain competitive in tomorrow's digital market. These measures will also ensure the UK's industrial and strategic autonomy from third countries, and in particular from China, as well as guarantee digital sovereignty. These measures will also help to maintain UK producers' key initiatives in the deployment of 5G technology.
10. The proposed measures are all the more necessary considering that the EU imposed anti-dumping and countervailing duties on imports of optical fibre cables from China in 2021 and 2022, respectively, and recently doubled the anti-dumping duty at the conclusion of an anti-absorption investigation in 2023. Without protection, the Chinese producers would have diverted their dumped imports of cables into the UK market.
11. Prysmian UK will however continue to monitor imports of optical fibre cables from China to assess the effect of the measures and in particular whether the current very low export/resale prices will reflect the imposition of these measures. In the event there the movement in prices is not sufficient, Prysmian UK will immediately consider submitting an application for an absorption review, under the meaning of paragraph 72 of the Regulation.

2. THE ABSENCE OF ANY SIGNIFICANT OPPOSITION TO THE PROPOSED MEASURES BY OTHER INTERESTED PARTIES CONFIRMS THE NEED TO PROTECT THE UK INDUSTRY OF OPTICAL FIBRE CABLES

12. Prysmian UK takes note of the absence of any significant opposition by importers, distributors and more generally user industries in this investigation.
13. According to the PAD, the TRA received no submission from upstream businesses, one response from a downstream user and two responses from importers. Of these importers, one response came from MayFlex UK Limited (which later decided not to continue to cooperate with the investigation) and one from BT Telecommunications (this user's questionnaire response was however deemed incomplete and could not be used in the investigation).
14. The lack of cooperation of the user industry is not surprising. Had the UK OFC industry not been adequately protected against unfair trading practices from China, the user industry (and in particular the telecom operators) would have been increasingly vulnerable to the hegemonistic behaviour of the Chinese producers which are largely vertically integrated. The user industry would have found themselves in a situation of dependency and weakness in the supply chain for the deployment of the UK cable network.
15. The investigation revealed that there is undoubtedly a large consensus that it is in the UK's Economic Interest to protect the UK industry of optical fibre cables from injurious dumped imports from China.

3. CONCLUSION

16. Prysmian UK welcomes the TRA's recommendation to impose a guarantee on UK imports of optical fibre cables originating in China.
17. The situation of the UK producers has been further deteriorating since the end of the investigation period (2021). In the absence of measures, tenders are being lost and, as a result, the UK producers have had to further reduce their prices (at unsustainable levels) in order to maintain their positions with their customers. Prysmian UK therefore urges the Secretary of State to confirm the guarantee as recommended by the TRA (subject to

adjustments made due to land provisions and energy prices) paving the way for the TRA to adopt the Final Affirmative Determination as quickly as possible to prevent Chinese manufacturers from continuing to flood the UK market with unfairly priced optical fibre cables. The situation of the UK industry is even more vulnerable considering that EU has recently decided to double the anti-dumping duty amounts imposed on imports of optical fibre cables from China in the pending anti-absorption investigation.

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