



Australian Government
**Department of Industry,
Innovation and Science**

**Anti-Dumping
Commission**

Application for the
continuation of a dumping
and/or
countervailing notice
or
continuation of an undertaking

ANTI-DUMPING COMMISSION
Form B600

APPLICATION UNDER SECTION 269ZHC OF THE *CUSTOMS ACT 1901* FOR
THE CONTINUATION OF A DUMPING AND/OR COUNTERVAILING DUTY
NOTICE OR CONTINUATION OF AN UNDERTAKING

I hereby request, in accordance with section 269ZHC of the *Customs Act 1901* (the Act)
that the Minister:

- continue a dumping duty notice, or
- continue a countervailing duty notice, or
- continue the undertaking given under the Act by

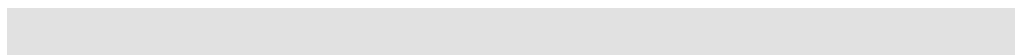

(Name of company or organisation)

in respect of the goods the subject of this application.

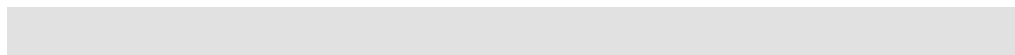
I believe that the information contained in this application:

- provides reasonable grounds for continuation of the anti-dumping measure; and
- is complete and correct to the best of my knowledge and belief.

Signature:



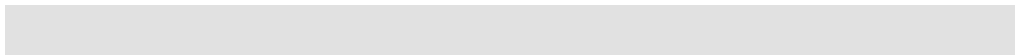
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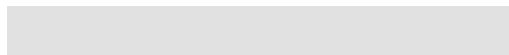
Position:



Company:



ABN:



Date



1. Applicant

Name CSR Viridian Limited
Address 95 Greens Road
Dandenong Vic 3175

2. Contact Persons

Viridian contact

Name Warren Seal
Position General Manager
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Email wseal@csr.com.au

Viridian's representative

Name Jules Croft
Business Blackburn Croft & Co
Address PO Box 37553
Auckland 1151
Telephone +64 9 358 4242
Facsimile +64 9 358 4343
Email bcc@tradecon.co.nz

A copy of the authorisation for Viridian's representative is attached. All correspondence should be directed to CSR Viridian and our representative.

3. Other interested parties

Australian industry

Viridian is the only manufacturer of clear float glass in Australia.

Exporters

Not all exporters from the countries subject to measures are known to Viridian. This information is commercially sensitive and difficult to obtain, and the accuracy of some of the anecdotal information is in doubt. The following information is from the Dumping Commodity Register for Clear Float Glass (unless otherwise stated).

China

Guangzhou CSG Glass Co. Ltd (CSG)

In the Trade Measures Review Officer’s report on clear float glass¹ it was noted that Xinyi Ultra thin (Donguan) Co. Ltd (Xinyi), CSG and Landson Alliance (Qingdao) Co. Ltd (Landson Qingdao) produced approximately █ percent, █ percent and █ percent of all clear float glass exported from China to Australia as obtained from Customs data base.

Indonesia

PT Asahimas Flat Glass Tbk

Supply directly or through AGC Flat Glass Asian Pacific Pte Ltd or Jeld-Wen International Supply.

PT Muliaglass

Supply directly or through South Bright Development Company or Glass Imports (Australia) Pty Ltd.

Thailand

Guardian Industries Corp. Ltd

Supply directly or through Jeld-Wen International Supply.

Details of parties likely to have an interest (as known)

Name	Address	Contact
Guangzhou CSG Glass Co. Ltd (CSG)	Huangpu E Rd, Huangpu, Guangzhou, Guangdong, China	Tel +86 20 3228 2098
China Southern Glass (Australia) Pty Ltd	Level2, Suite2, 186-190, Church Street, Parramatta NSW2150	Tel 0061-296354368 Fax 0061-296354376

¹ Clear float glass exported to Australia from the People’s Republic of China, the Republic of Indonesia and the Kingdom of Thailand, 13 February 2012 beginning at paragraph 16. These percentages were subsequently deleted from the non-confidential version.

Public Record

Australia Landson Glass (Qingdao) Co., Ltd	70-2# West Huanghe Road, Qingdao Economic and Development Zone, Qingdao,China	Tel:+86-532-80986500 sales@landsonqd.com
Landson Alliance Australia Pty Ltd	15 Graham Hill Rd, Narellan, NSW 2567, Australia	Tel: 246461761
Xinyi Glass (Tianjin) Co., Ltd	North of Guangyuan Road, Wuqing Development Zone, Tianjin	Tel :86-22-82971170 Fax: 86-22-82159967 Jason@xinyiglass.com
PT.ASAHIMAS FLAT GLASS Tbk	Jl. Ancol IX / 5 Ancol Barat, Jakarta 14430, Indonesia	Tel: 021- 6904041 Fax: 021-6918709
PT Muliaglass	Jl. Raya Tegal Gede, Bekasi, Jawa Barat 17550, Indonesia	Tel: +62 856-1946-269
Jeld-Wen International Supply	401 Harbor Isle Boulevard, Klamath Falls OR 97601 United States	Tel:+1 800 5353936
Jeld-Wen Australia	949 Stud Rd, Rowville VIC 3178, Australia	Tel: +61 3 9765 3555
AGC Flat Glass Asian Pacific Pte Ltd	460 Alexandra Road, #32-01, Singapore 119963	Tel: +65 6273 5656
Glass Imports Pty Ltd	PO BOX 941, Paradise Point, QLD, Australia , 4216	Tel: 0418990969 Fax: 07 55308184 garry@glassimports.com.au
Guardian Industries Corp Ltd.	42 Moo 7 Nongplamoh Sub-District, Nongkhae, Saraburi 18140, Thailand	Tel:66.38892111 Fax:66.38.892129 InfoAsiaPacific@guardian.com

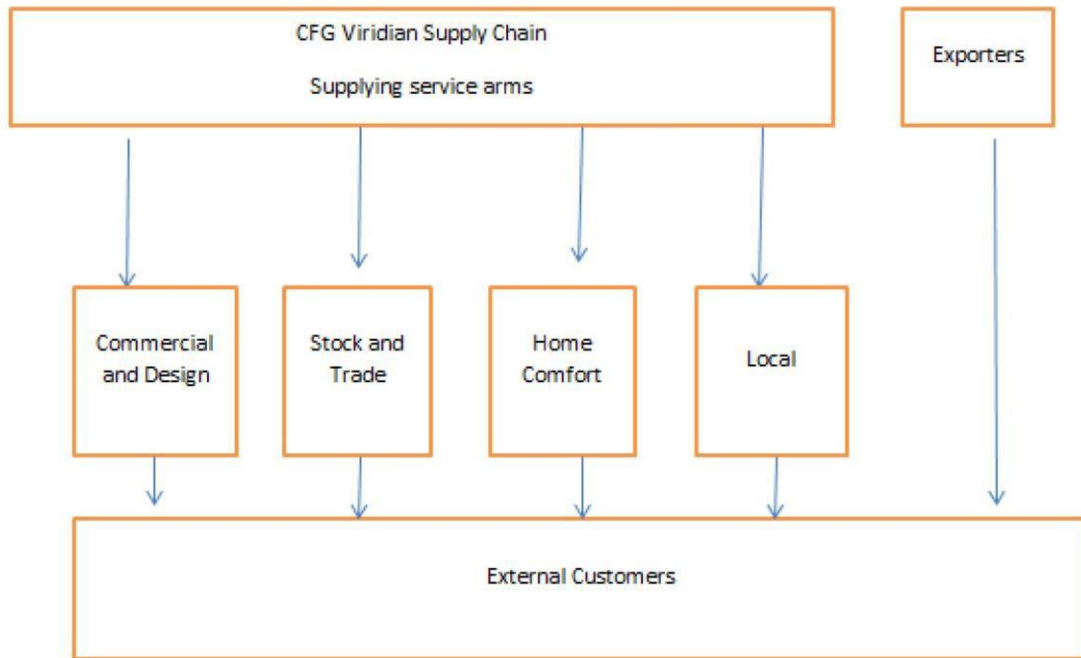
End Users

There are a large number of end users of clear float glass. Viridian can supply details of its customers in confidence and on request.

The market structure described in Report 159C² has changed.

² International Trade Remedies Branch Report to the Minister No.159C, 23 September 2011 at page 20.

Public Record



CFG Viridian Supply Chain provides CFG to four service arms [REDACTED]

The Commercial and Design service arm process large volumes of CFG into products such as laminated glass, mirror and cut to size. Stock and Trade do almost no processing and supply CFG to Viridian branches and non-Viridian external customers. Home Comfort process CFG into double glazed units and toughened glass. Local sites are comprised of external customers that can process glass into toughened glass and cut to size.

4. Reasons for seeking continuation

Will the dumping continue or recur?

The dumping duty notice was published in October 2011 (see Section 5 for details of the measures). If the measures are not continued then there is a high likelihood that dumping will recur. The CFG industries in the three countries (and also countries not subject to measures) are characterised by overcapacity. The supply of glass in the domestic markets is subject to customers being close to domestic plants to overcome domestic distribution costs. Excess capacity in those domestic markets is always seeking export markets such as Australia where product can be sold at prices reflecting marginal costs. The measures currently in place have reduced the margin of price undercutting and allowed Viridian to protect volume and revenue.³

Anti-dumping actions by other countries

In December 2014 Brazil imposed anti-dumping duties on float glass imports from six countries including China.⁴ Note that one of the exporting companies is Xinyi Glass (Tianjin) Co. Ltd and

³ See case 159C, EPR No. 30 para 52 and REP 159C, page 58 beginning at para 5. Also ADRP Report No.29 (22 December 2015) at para 65 discusses the possible outcomes of an improvement in the level of price undercutting.

⁴ The official notice dated 19 December 2014 is attached. Some sections have been translated.

Public Record

that the dumping investigation against Xinyi Ultra thin Glass (Donguan) Co. Ltd was terminated.⁵

The Brazilian investigation used a third country, Mexico, for the calculation of dumping from China.

Relevant Evidence as to the current normal values in the export country

Exporters have not requested a review of the variable factors which is a reasonable indication that the dumping margin has not changed. Viridian has not been able to obtain domestic prices in the countries to enable an estimate to be made of normal values. This reflects the commercial practice of not providing public price lists for products which will have specific customer prices depending on the volume and mix of the product sold. In addition the sensitivity to the finding of dumping has impacted on the availability of domestic prices for the exporters named in the Dumping Commodity Register. Even with the evidence of domestic prices the usefulness of those prices is limited by the Ascertained Export Price affecting actual export prices as recorded by the Australian Bureau of Statistics.

Evidence of dumping is not specifically required in Form B600 (The Application Notice) perhaps recognising the difficulties of obtaining reliable information.

China

When the original application was lodged on 18 February 2010 (subsequently initiated on 19 April 2010) Viridian did not have access to information which may indicate that there is a market situation such that determining a normal value under s.269TAC(1) is not suitable.

At the end of 2012 the applicant undertook some research on the possibility that domestic prices for CFG are artificially low and that Government influence on prices or costs could be one cause of "artificially low pricing". As part of the applicant's claim that there is a market situation, this draft assessment is attached.⁶ The draft assessment contains commercially sensitive information and is not for the public record. The draft refers to details of shareholders and connections with various bodies. Since this information was obtained in 2012 some of this specific detail may have changed. However, the overall objective of the draft assessment demonstrating the possibility of a market situation is not affected if some of this specific information has changed. The draft refers to China's 12th Five Year Plan (2011-2015) announced in May 2011. In November 2015 a "draft" of China's 13th Five Year Plan was made available and the final outline is expected in March 2016.

Also in support of the possibility that there is a market situation for clear float glass is the finding by the Council of the European Union that glass was supplied to manufacturers of solar panels in China at less than adequate remuneration.⁷

⁵ Termination Report No.159A, 30 November 2010.

⁶ The draft assessment references the EPI Paper "Through China's Looking Glass - Subsidies to the Chinese Glass Industry from 2004-2008 (October 8, 2009) <http://online.wsi.com/public/resources/documents/glass0823a.pdf>. See also Subsidies to Chinese Industry: State capitalism, business strategy and trade policy - Usha C. Haley and George T. Haley, Oxford University Press 2013.

⁷ Official Journal of the European Union L325/1,5.12.2003. Rolled glass is supplied to the industry producing solar panels. Rolled glass and float glass have similar manufacturing costs.

Public Record

Viridian's attempts to obtain domestic pricing in China have, to date, been unsuccessful.

Indonesia

Viridian's attempts to obtain domestic pricing in Indonesia have, to date, been unsuccessful.

Thailand

Viridian's attempts to obtain domestic pricing in Thailand have, to date, been unsuccessful

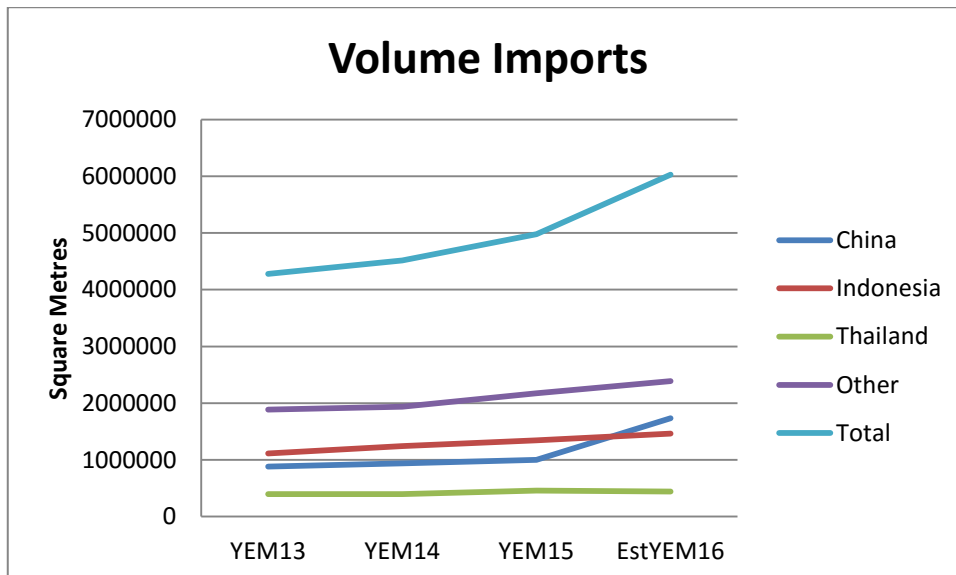
Whether imports have continued following imposition of the measure and estimates of export price

Imports continue to have a significant impact in the Australian market for CFG. The following Table shows total imports from the three countries are expected to increase in YEM 16 based on YTD 2015 (December).

Total 3-12mm Imports (Square Metres)

	YEM13	YEM14	YEM15	Est YEM16
China	879741	938959	1000469	1731489
Indonesia	1112840	1242647	1345087	1460651
Thailand	397303	395952	456362	443833
Other	1887962	1936289	2174911	2390793
Total	4277846	4513846	4976829	6026766

Source ABS. The statistical code 06 covers thicknesses exceeding 10mm. Some of these imports are low iron glass covered by a TCO and are included.



The growth in imports from China reflects the domestic downturn in that country and the need to maintain production volumes by increasing exports.

Estimates of Export Price

Export price information is attached.

Whether the exporter has retained distribution links in Australia

The volumes of imported CFG demonstrate the continuing distribution of product in Australia.

Whether the exporter retains an excess capacity that may be directed to Australia

There is substantial over-capacity in the three countries, suggesting that it is possible that not only do the current exporters have excess capacity, but the possibility that other exporters may export to Australia.

Will the material injury recur?

Applicants must provide evidence that in the absence of the measures the dumped or subsidised goods would cause, or be likely to cause, material injury to the Australian industry producing the goods in question. In considering this question applicants should provide information on key indicators such as profitability, price streams, and marketshare.

What will happen if measures are removed?

In the absence of the measures currently in place historical import patterns suggest that volumes will continue and could possibly increase if importers are able to increase the level of price undercutting if duties are removed. The consequent price pressure on Viridian could see a loss of revenue and a loss of volume. As a result Viridian's financial performance would be adversely affected.

The application should provide:

- *Information on market trends for the goods in question for the last three years, addressing in particular:*
 - *Volume and value of imports and sources of imports;*
 - *Sales and market shares of all suppliers;*
 - *Performance of the local industry, showing key indicators such as profits, price trends, investment, and employment.*

Volume of imports

The estimated total volume market is shown in the following table. Values of imports have not been shown as total values are not able to be meaningfully compared with Viridian values because of the different levels of trade.

If the measures were not continued it would be reasonable to predict that import volumes would increase.

Public Record

CFG Market Volume

Square Metres	YEM13	YEM14	YEM15	YTD16(Dec)	YEM16(Est)
Viridian					
External					
Internal					
Total					
China	879741	938959	1000469	1298617	1731489
Indonesia	1112840	1242647	1345087	1095488	1460651
Thailand	397303	395952	456362	332875	443833
Total	2389885	2577557	2801918	2726980	3635973
Other					
Total					

Source: Tab MKTShare

Volume Market Shares

Based on the above estimated market size volume market share (square metres) is shown as follows. With the estimated YEM 16 volumes

[Redacted]

CFG Volume Market Share

	YEM13	YEM14	YEM15	YEM16
Viridian				
China				
Indonesia				
Thailand				
Other				

In the absence of measures Viridian's volume market share [Redacted].

Performance of the local Industry

For the purpose of this application Viridian has followed as far as possible, given the timeframe to respond, the analysis used in Report 159C. In that Report the financial data used was limited to sales by Viridian to its external customers only.

Viridian supplies most of its CFG to the Stock and Trade service arm where it is sold into the market. [Redacted] To assist in the analysis of financial data Viridian has used [Redacted] customers as a proxy for sales. Viridian's [Redacted] CFG is accounted for in the price [Redacted]

Public Record

In Report 159C it was noted that the use of " metric tonnes or square metres gives identical results"⁸. More correctly the different volume measures give similar results as the use of a different denominator will have some effect. The financial information supplied with this application has used tonnes as the denominator and this will be used in the following analysis.

Profits

The Viridian business has undergone significant changes since the investigation recorded in REP159C. As a result of these changes the CFG business has recorded improved EBIT (Earnings before Interest and Tax) levels although the competition from import prices continues to impact the CFG component of the overall Viridian business.

Viridian 3-12mm CFG Earnings per Tonne

Chart showing EBIT per tonne improvement.

Price Trends

Comparing Viridian's cost to make and sell per tonne with the average selling price since YEM 13 to YTD16 (9 months to December 2015) shows [REDACTED] improvement.⁹ However the improvement in YTD16 [REDACTED] and the sensitivity of the business to price competition is apparent.

After a small increase in the ASP in YEM15 YTD 16 [REDACTED] [REDACTED] However whether this price increase can be sustained depends on the level of price competition from imports.

⁸ REP 159C section 8.3.1. See also charts in TER No. 159B at page 39-40.

⁹ The recent weakness in the Australian dollar may have had an impact on the market. However this impact is likely to be overstated as a significant proportion of CFG exported to Australia from China, Indonesia and Thailand is sold in Australian dollars.(TER 159B December 2010,at p53.)

Average Selling Price and Cost to Make and Sell

Chart showing Viridian's CTMS compared with the ASP per tonne.

Investment

Viridian has undertaken significant improvements in the business of producing CFG.

Public Record

In 2013 Viridian announced a restructuring of its operations¹⁰. The News Release noted:

The Dandenong facility completed a major upgrade in 2008 and is a world class site with a market leading position providing enhanced customer service through specialised products, shorter lead times relative to imports and extensive product warranties which it can support

as the only float glass manufacturer in the region. Viridian maintains its national footprint through an extensive distribution network which includes the unique Floatliner distribution system used throughout the east coast of Australia and recently extended to Western Australia. This system provides greater efficiency and improved customer service to its downstream customers and is a key point of differentiation in the market.

The News Release also noted:

As part of the roll-out of the restructuring program, there are three changes to Viridian's operations being announced today:

The float and laminating glass manufacturing facility at Ingleburn in New South Wales will be closed in July 2013. The majority of volume previously supplied from Ingleburn will be supplied by Viridian's Dandenong facility in Victoria and supplemented by imported supply from strategic partners.

The glass processing facility at Wetherill Park in New South Wales will be consolidated into the nearby Erskine Park facility by January 2014.

¹⁰ <http://www.csr.com.au/Investor-Centre-and-News/News-Releases/Pages/Restructure-of-Viridian-glass-operations-and-trading-update.aspx>

Public Record

Viridian's overhead costs will be reduced to reflect the smaller operating footprint.

CSR estimates the costs of redundancies, site relocation and site remediation costs will be approximately \$34 million, the majority of which will be incurred in the financial year ending 31 March 2014. It is estimated that headcount reductions will be in the order of 150 which, when combined with site consolidation benefits, will deliver an annualised EBIT improvement of \$27 million. Due to the extended time required to implement the restructuring program, it is expected that the full benefit of these initiatives will not be realised until the financial year ending 31 March 2015. CSR will be working with affected employees to provide redeployment opportunities within the company where possible.

Viridian has continued to improve its business as most recently communicated in an investor presentation in September 2015.¹¹

Employment

Following the upgrade in 2008, which was focussed on renewing the glass furnace, employment at the Dandenong site has remained relatively stable. There was however job losses associated with the closure of the float line in Sydney in 2013.

- *Information addressing the likelihood of material injury and the absence of the anti-dumping measures. Alternative sources of export supply that may have arisen following imposition of the measure, or production capacity in the country concerned, may be relevant.*

Likelihood of Material Injury

Given the penetration of imports in the market it would be expected that any reduction in the average selling price per tonne following the removal of duties would have an adverse impact on Viridian's profitability. To illustrate this it is assumed that Viridian must react to a small reduction on the average selling price per tonne in order to maintain volumes and customer confidence. For example the effect of a 5 per cent price reduction in the average selling price per tonne is significant at both the gross margin and EBIT level.

¹¹ <http://www.csr.com.au/Investor-Centre-and-News/Documents/Investor%20Presentation%201%20September%202015.pdf>

Chart showing the effects of a decline in the ASP/tonne and the effects on gross margin and EBIT

Attached is the original ACDN (2011/50) showing the details of the measures. In addition, further information was supplied in ACDN (2011/56) which is also attached.¹²

Further explanation of the goods is in REP159C¹³ as follows (with amendments):

THE GOODS AND LIKE GOODS

Findings

CFG manufactured by the Australian industry is a like good to CFG exported to Australia from China, Indonesia and Thailand.

The goods

The goods the subject of the application are CFG in nominal thicknesses of 3 to 12 millimetres (mm).

The acceptable tolerances to these thicknesses are shown below.

Nominal thicknesses (mm)	Acceptable tolerances (mm)	
	Minimum	Maximum
3	2.80	3.50
4	3.51	4.50
5	4.51	5.50
6	5.51	7.00
8	7.01	9.00
10	9.01	11.00
12	11.01	12.30

¹² The measures were imposed by thickness. In *Panasia Aluminium (China) Limited v Attorney-General of the Commonwealth* [2013] it was found that measures were to be applied on the product on a consolidated basis and not differentiated between different finishes.¹³ At page 14.

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The goods the subject of the application fall under tariff classification 7005.29.00 and have the following characteristics:

- transparent;
- flat; and
- rectangle or square in shape.

Glass with the following characteristics is not the goods the subject of the application:

- coating, colour, tint or opaqueness;
- absorbent, reflective or non-reflective layer;
- wired;
- bent, edge-worked, engraved, drilled, enamelled or otherwise worked;
- framed or fitted with other materials;
- toughened (tempered) or laminated;
- acid etched; or
- low iron.

CFG sold in Australia (both Australian made and imported) is of international quality – sometimes referred to as western quality - which is characterised by the amount of distortions and imperfections in the glass. International quality CFG can also be separated into different grades. Some customers and end-users require a higher quality of glass beyond the 'normal' international quality, such as CFG for laminating.

Tariff classification

The tariff classification of the goods the subject of the application is 7005.29.00, statistical codes 9, 3, 4, 5 and 6, in Schedule 3 of the *Customs Tariff Act 1995*. The general rate of duty is 5 percent and the Developing Country Status (DCS) is 4 percent. China and Indonesia are subject to the DCS rate and imports from Thailand are free of duty.

Tariff Concession Orders

There are two Tariff Concession Orders (TCOs) linked to tariff classification 7005.29.00 as detailed below.

TCO	Description
TC 9209312	Float Glass, clear, iron content equal to or less than 0.02 per cent in sheets, non-wired, without an absorbent or reflecting layer, not being cast, rolled, drawn or blown glass.
TC 8533852	Glass, having a thickness of not less than 13.5mm

Glass subject to the TCOs above are not the goods as glass applicable to TC 9209312 is a low iron glass, , and TC 8533852 has a nominal thickness of more than 12mm.