

21 June 2019

Case Manager
Investigations 2
Anti-Dumping Commission
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Canberra ACT 2601

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Public File

Dear Sir/Madam

Accelerated Review of Measures Investigation No. 514 – Foshan Minghua Doors & Windows Aluminium Co., Ltd

I. Introduction

Anti-Dumping Notice 2019/071 outlined that the Chinese exporter Foshan Minghua Doors & Windows Aluminium Co., Ltd (“Foshan Minghua”) has made an application to the Anti-Dumping Commission (“the Commission”) to determine individual variable factors for its exports of aluminium extrusions to Australia.

Foshan Minghua claims in its application that it has never exported aluminium extrusions to Australia. It also contends that as it is a private company it does not have any associated affiliate companies that have been investigated by the Commission.

II. Variable factors

Foshan Minghua has requested the Commissioner to establish separate variable factors so that it does not attract the interim dumping duties (“IDD”) applicable to uncooperative exporters as determined in Investigation No. 482.

Foshan Minghua has also demonstrated that the variable factors (specifically, the normal values) for Chinese exporters have changed for the period to 31 March 2019 when contrasted with the investigation period in Review Investigation 482 (i.e. 1 July 2017 to 30 June 2018).

In determining separate variable factors for Foshan Minghua Capral requests the Commission to include in the benchmark aluminium costs for the Chinese exporter:

- The cost of primary aluminium (typically linked to LME price);
- A regional premium;
- Inland transport costs; and
- A billet premium reflecting the additional cost to convert an ingot into a billet for use in the manufacture of the goods.

The aggregate of these costs should be included in Foshan Minghua’s raw material aluminium cost.

Capral further requests the Commission to examine Foshan Minghua’s extrusion costs, including fixed overheads, allocation of overheads, and the exporter’s selling and general administration expenses, and contrast these with verified Chinese exporter costs as undertaken in Review Investigation 482.

Capral also draws to the Commission's attention that Foshan Minghua's costs should confirm higher packaging costs for export than domestic packaging costs, including for steel trolleys, wooden crates and inter-leave paper. In previous investigations, certain exporters have contended that there is no difference between domestic and export packaging costs. Recent investigations (including 362, 392, 442 and 482) have confirmed the existence of these costs for export sales of the goods to Australia necessitating an upwards adjustment to Foshan Minghua's normal value.

It is stated that Foshan Minghua has not exported aluminium extrusions to Australia. Capral understands that the Commission's policy (as reflected in recent Accelerated Reviews 460 and 500) is to set the ascertained export price for the new exporter (where the exporter has not exported during the accelerated review investigation period) equal to the normal value. This approach has been endorsed by the Minister.

Capral anticipates that the Commission will recommend to the Minister that Foshan Minghua's ascertained export price be set at the normal value and, consistent with the form of measures applicable to all other Chinese exporters of aluminium extrusions as per Review Investigation 482, the measures be applied on a 'combination form' basis.

III. Countervailing

Foshan Minghua indicates in its application that it is located in Foshan, Guangdong province and that only two of the 65 subsidy programs (Programs 8 – Patent Award for Guangdong Province and Program 48 – Provincial Government of Guangdong tax offset for R&D) identified by the Commission are available to companies in that location.

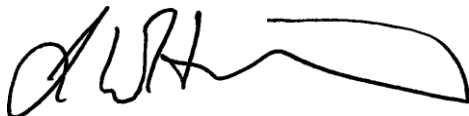
Foshan Minghua states it has not received benefits under either of these programs.

Capral has [*confidential information concerning income, profit and taxation for the Chinese exporter*]. This would suggest that Foshan Minghua is in receipt of a taxation benefit from the government of China ("GOC") otherwise it would be paying at the usual 25 per cent corporate tax rate.

Capral requests that the Commission fully examine the basis for Foshan Minghua's reduced corporate tax rate in 2018 and 2017 and determine whether the Chinese exporter is in receipt of any GOC subsidies to reduce its corporate tax rate.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 8222 0113 or Capral's representative Mr John O'Connor on (07) 3342 1921.

Yours sincerely



Luke Hawkins
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