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The Director
Operations 3
Anti-Dumping Commission
GPO Box 1632
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Email: operations3@adcommission.gov.au

Dear Sir/Madam

Public File

Review of Anti-Dumping Measures – Aluminium extrusions exported from China by Press Metal International Ltd (Inquiry No. 304)

Capral Aluminium (“Capral”) has reviewed Statement of Essential Facts (“SEF”) No. 304 concerning the review of measures on aluminium extrusions exported from the People’s Republic of China (“China”) by Press Metal International Ltd (“PMI”).

The following comments are provided to the Anti-Dumping Commission (“the Commission”) for consideration in the preparation of final recommendations to the Parliamentary Secretary.

1. *Capral’s submission dated 21 September 2015*

Capral notes that the Commission has not conducted a verification visit with PMI. Information relied upon by the Commission for the purposes of assessing the receipt of countervailable subsidies received by PMI is based upon the applicant’s responses as contained in its Exporter Questionnaire Response (“EQR”).

Capral provided the Commission with a submission dated 21 September 2015. The submission highlighted that PMI is located in the Sanshui Industrial Park of Foshan City, China. This Industrial Park is a High Technology zone, and is usual for eligible companies located in similar zones to receive reduced corporate tax rates for extended periods. Additionally, Capral indicated that the Foshan City Industrial zone attracted reduced local and provincial rates of taxation. SEF 304 does not indicate that the Commission questioned PMI further as to its eligibility of the identified reduced rates of taxation and has accepted the PMI EQR on face value.

The available information suggests that PMI – being a wholly owned foreign–invested enterprise – qualifies for countervailable benefits that extend beyond Programs 5, 7 and 15. Capral therefore does not consider that the quantification of countervailable programs received by PMI during the investigation period can be deemed “negligible”. Further investigation into the benefits received by entities located in High-Tech investment zones such as the Sanshui Industrial Park will confirm the existence of additional subsidies provided by the Government of China (“GOC”).

As a further check of the validity of PMI’s responses included in its EQR, Capral urges the Commission to re-examine the supporting financial statements of PMI to establish the actual rate of taxation paid by PMI during the review period.

2. *Normal value*

Capral concurs with the Commission's methodology for the determination of a constructed normal value for PMI including the finding that the costs of primary aluminium provided by PMI do not reasonably reflect competitive market prices. In arriving at a reasonably competitive market benchmark price for primary aluminium the use of the LME price for primary aluminium plus the other reasonable costs and charges that includes the Main Japan Port (MJP) premium.

3. *Adjustments to PMI's normal value*

Capral submits that an upward adjustment for packaging costs to PMI's normal value is required to take account of the additional timber framework and wrapping to standard , to protect the painted/anodized metal during the freighting process. Capral notes PMI's comments at Section E-1.4 of its EQR that State "...export packing carry substantial expenses because PMI packs the export extrusions into single use only tightly secured timber boxes". The level of packaging required for export sales exceeds what is required for domestic sales, hence the need for an upward adjustment to PMI's normal value.

4. *Conclusions*

Capral welcomes the Commission's determination of normal value for PMI that recognises the selling prices for primary aluminium in China do not reflect competitive market prices. Capral supports the Commission's proposed inclusion of a benchmark market price for primary aluminium based upon the LME price for the investigation period plus the ancillary costs (i.e. Main Japan Port premium).

Capral submits that an upward adjustment to PMI's normal value is required to account for higher packaging costs associated with the goods exported to Australia.

Capral does not consider that the Commission can rely solely upon PMI's EQR's responses that relate to the receipt of countervailable benefits by the exporter. The Commission has undertaken a number of subsidy investigations involving entities located in Industrial Parks within China to be sufficiently informed that a range of countervailable subsidies are provided to foreign invested entities located in Industrial Parks (refer to Capral's 21 September 2015 submission).

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

Yours faithfully

Luke Hawkins
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