



22 September 2016

Matthew Williams
Director, Operations 3 Anti-Dumping Commission
GPO Box 1632
Melbourne VIC 3001
Australia

Dear Mr Williams

Exporter's submission by PMAA on behalf of Press Metal Berhad regarding ADC Case No 362 Investigation into the alleged dumping and subsidisation of certain aluminium extrusions exported from Malaysia and the Socialist Republic of Vietnam

We refer to the application by Capral Limited (**Capral**) under s 269TB(1) of the *Customs Act 1901* (Cth) (**Customs Act**) for the publication of dumping and/or countervailing duty notices in respect of aluminium extrusions¹ exported to Australia from Malaysia and the Socialist Republic of Vietnam (the **Application**) and to the Anti-Dumping Commission's (**Commission**) Consideration Report published on 8 August 2016 (the **Consideration Report**).

This submission addresses a number of issues raised in the Application and the Consideration Report. In summary, we contend as follows:

- a. PMB did not export any aluminium extrusions to Australia in the period 1 July 2015 to 30 June 2016 (the **Investigation Period**) in circumstances where countervailable subsidies were **received** in respect of those goods;
- b. PMB did not export any aluminium extrusions to Australia in the Investigation Period at dumped prices;
- c. even if the Commission finds that countervailable subsidies were **received** or aluminium extrusions were dumped (which is denied by PMB), PMB submits that the Australian industry as a whole has not sustained material injury. In particular, PMB submits that:
 - i. there has been no material injury to the aluminium extrusions sector; and
 - ii. if any injury has been sustained in the aluminium extrusions sector it has not been caused by the export of aluminium extrusions to Australia by PMB.

As noted in the email from Louise Jenkins to Matthew Williams dated 20 September 2016, PMAA requires further time to provide supplementary materials to this submission. This submission is lodged in anticipation of further materials being provided to the Commission as soon as possible.

¹ Classified as tariff subheadings 7604.10.00, 7604.21.00, 7604.29.00, 7608.10.00, 7608.20.00, 7610.10.00 and 7610.90.00 statistical code 26 of Schedule 3 to the *Customs Tariff Act 1995* (Cth).

1 Background

During the investigation period, the Press Metal Group operated via three related companies:

- Press Metal Berhad (**PMB**), the parent company of the Press Metal Group and the manufacturer and exporter of aluminium extrusions from Malaysia to Australia;
- Press Metal Aluminium Australia Pty Ltd (**PMAA**), a wholly-owned subsidiary of PMB and the importer of aluminium extrusions from PMB in Australia;
- Press Metal Sarawak Sdn Bhd (**PM Sarawak**), an 80% owned subsidiary of PMB which supplies billet to PMB under arm's length transactions in Malaysia. Sumitomo Corporation of Japan owns the remaining 20% of PM Sarawak (directly or through its related investment companies); and
- Press Metal Bintulu Sdn Bhd (**PM Bintulu**), an 80% owned subsidiary of PMB which supplies ingot to PMB under arm's length transactions in Malaysia. Sumitomo Corporation of Japan owns the remaining 20% of PM Bintulu (directly or through its related investment companies).

As PMAA is the Australian-based subsidiary of PMB, these submissions are made on behalf of PMB, as the relevant exporter of aluminium extrusions.

2 Subsidies

The Application refers to two subsidy programs that are alleged to have benefited PMB: the Pioneer Status Program and the Investment Tax Allowance. Both are tax incentives granting partial or total relief from income tax for a specified period.

Capral claims that PM Bintulu and PM Sarawak have been the recipients of the Pioneer Status Program and Investment Tax Allowance subsidies respectively, and have passed on the benefits to PMB. It alleges that the export price of aluminium extrusions exported by PMB during the investigation period have been subject to these benefits. PMB denies this allegation and submits that:

- PM Bintulu has not **received** any benefits under the Pioneer Status Program. PMB has therefore not **received** any benefits passed on by PM Bintulu; and
- PM Sarawak has not **received** any benefits under the Investment Tax Allowance. PMB has therefore not **received** any benefits passed on by PM Sarawak.
- Even if any future benefits were received by either PM Sarawak or PM Bintulu from these programs, there would still be no benefit passed through to PMB.
- Even if the Commission deems that there is a pass through of benefit from these programs PMB assert that the alleged benefit is so small as to be insignificant.

2.1 Pioneer Status Program

'Pioneer status' is available to any company in any agricultural, manufacturing, hotel, tourism, or other industrial or commercial sector that participates in a promoted activity or form of production mentioned in the Malaysian *Promotion of Investments Act 1986 [Act*

327].² A company approved with a Pioneer Status certificate is entitled to an income tax exemption of 100% of its statutory income for a period of 10 years. Unabsorbed capital allowances as well as accumulated losses incurred during the 'pioneer period' can be carried forward and deducted from the post pioneer income of the company.³

The Application alleges that PM Bintulu was in receipt of tax deductions, having been granted pioneer status. PM Bintulu has **received** no benefits as a result of its pioneer status.

Although PM Bintulu does hold pioneer status and is otherwise entitled to the associated tax benefits, PM Bintulu has not yet earned sufficient taxable profit in any year, and has not yet **received** any 'benefit' resulting from its pioneer status in the 2016 year of assessment or any prior tax years. This is since PM Bintulu has not generated sufficient taxable profit in any year to obtain the benefit of the Pioneer status tax exemption.

Further, and based on the current proportions of ingot that PM Bintulu sells to PMB, even if PM Bintulu generates sufficient taxable profit to use the Pioneer status tax exemption in the future, there will be no benefit 'passed through' to PMB from PM Bintulu. In relation to this point:

- first, PM Bintulu sells only a small percentage of its total ingot output (██████████) to PMB. Therefore, any benefit 'passed through' to PMB by PM Bintulu would be insignificant; and
- secondly, PMB pays world market prices (based on the LME) for the ingot it buys from PM Bintulu.

Further materials evidencing the above will be provided to the Commission in a supplementary submission and in PMB's Exporter Questionnaire responses.

2.2 Investment Tax Allowance

Chapter 2 of the Malaysian *Promotion of Investments Act 1986 [Act 327]* deals with the Investment Tax Allowance (*ITA*). The ITA program is a mutually exclusive alternative to pioneer status for companies participating in a promoted activity or form of production. It offers higher deductions for certain types of investments in less developed areas and to strategic projects in certain regions.

The ITA grants a tax deduction of 100% on qualifying capital expenditure incurred within 5 years from the date the first qualifying capital expenditure was incurred. This allowance can

² Chapter 1 of the Act deals with Pioneer Status. Section 4 of the Act deals with determination of promoted activities and promoted products. The current list of promoted activities and promoted products is published by the Ministry of International Trade and Industry and is available [here](#) and includes, under Item No XV, 'metal castings, metal forgings' and 'moulds, tools and dies'.

³ Malaysian Investment Development Authority, *Malaysia: Investment in the Manufacturing Sector — Policies, Incentives and Facilities*, Chapter 2. According to the Malaysian Investment Development Authority [website](#), the standard company tax rate for the 2016 Year of Assessment is 24%. The exemption period for a company that has pioneer status starts from the company's 'production day' (the day its production level reaches 30% of its capacity).

be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.⁴

Capral has alleged that:

- PM Sarawak has **received** from the Malaysian Investment Development Authority (**MIDA**) an ITA of 100% on capital expenditures incurred towards the production of aluminium products over a period of 5 years from January 2008 to 23 January 2013; and
- there are ITA 'carry forwards' of Malaysian Ringgit 206,558,000, likely to apply to PM Sarawak and to impact PMB's future tax assessments.⁵

PM Sarawak has received zero benefits under the ITA program. Correspondingly, PMB has received zero benefits 'passed through' to it by PM Sarawak.

Even if future benefits are received by PM Sarawak as a result of the ITA program, there will be no benefit 'passed through' to PMB from PM Sarawak. In relation to this point:

- PM Sarawak sells only a small percentage ([REDACTED]) of its billet to PMB. Therefore, any benefit 'passed through' to PMB by PM Sarawak would be insignificant; and
- PMB pays world market prices (based on the LME) for the billet it buys from PM Sarawak.

Further materials evidencing the above will be provided to the Commission in a supplementary submission and in PMB's Exporter Questionnaire responses.

2.3 Conclusion on subsidies

In summary, in response to Capral's allegations that PMB exported goods that have benefitted, or will benefit, from countervailable subsidies, PMAA submits that the amounts of any subsidies passed through to PMB are zero. Further, even if the Commission finds to the contrary, the receipt of the subsidies has not resulted, and will not result, in material injury to Australian industry (as detailed below in Sections 4 and 5).

3 Dumping

PMAA submits that PMB has not engaged in dumping of any of its aluminium extrusions during the investigation period. PMAA submits that its export price for all exports was higher than the normal value of the aluminium extrusions during the injury analysis period. PMAA will submit supplementary material providing evidence of this in a further submission and in PMB's Exporter Questionnaire responses.

3.1 Export price

For the purposes of its Application, Capral used constructed estimates of the export price under section 269TAB(3). PMAA submits that these constructed estimates are inaccurate. PMB is currently compiling information about its export price, and will provide this material

⁴ Malaysian Investment Development Authority, *Malaysia: Investment in the Manufacturing Sector — Policies, Incentives and Facilities*, Chapter 2.

⁵ Capral points to PM Berhad's 2014 Annual Report as supporting evidence for this allegation.

to the Commission in a supplementary submission and in PMB's Exporter Questionnaire responses.

Further, in its Application, Capral refers to Note 5.1 of PMB's 2014 financial statement as follows:⁶

Capral draws to the attention of the Commission Financial Statement Note 5.1 on Impairment of Goodwill associated with PM's subsidiary company in Australia, Press Metal Aluminium (Australia) Pty Ltd. The note confirms that in 2014 the entity "has been incurring losses for a number of financial years and is not expected to turn around in the near future". This impairment loss has been recognised in PM's financial statements in 2014.

The loss-making position for PMAA would appear to be ongoing and highlights that PM and its subsidiary companies' export prices to Australia do not reflect the true cost of business in Australia. The export prices of the entities must therefore be rejected as unreliable under the provisions of Section 269TAB of the *Customs Act*. (footnotes omitted)

In response to this point, PMAA submits that:

- first, the information relating to PMAA's losses in the years up to and including 2014 are irrelevant to the question of whether PMB's export prices reflect the 'true cost of business in Australia'. This is because PMAA is not an exporter of aluminium extrusions for the purposes of this investigation: any losses suffered by PMAA bears no relation to whether PMB's export prices reflect the 'true cost of doing business in Australia'; and
- in any event, PMAA's past losses were caused by [REDACTED], whereas PMAA has returned to profit since new management was appointed to PMAA in September 2014.

3.2 Normal value

For the purposes of its Application, Capral also used constructed estimates of the normal value, as it was unable to obtain domestic selling price information for aluminium extrusions in Malaysia. PMAA disputes the accuracy of the constructed estimates, and instead will provide the Commission with the details of the actual normal values in a supplementary submission and in PMB's Exporter Questionnaire responses.

4 No material injury

PMAA submits that, even if the Commission finds that PMB has engaged in dumping or has been the beneficiary of countervailable subsidies (both of which it denies), there has been no material injury caused to the Australian industry.

4.1 Framework for analysing injury

Anti-dumping duties may only be imposed when dumping causes, or threatens to cause, material injury to an Australian industry. Before assessing whether there has been injury, it is necessary to identify the Australian industry which is alleged to have sustained injury. Section 269T of the Act defines 'industry' in terms of production of like goods. This definition

⁶ Application, pages 47–48.

is from Article 4 of the *WTO Anti-Dumping Agreement* and Article 16 of the *WTO Agreement on Subsidies and Countervailing Measures*. Both identify a domestic industry to be:

domestic producers as a whole of the like products or to those of them whose collective output of the products constitute a major proportion of the total domestic production of those products.

In the Commission's Consideration Report, the Commission acknowledged that it is required to consider injury to the whole Australian industry, which necessarily includes considering more than just Capral's data. The Commission noted that:

... Capral's data alone may not be sufficient for assessing injury to the Australian industry as the investigation progresses.⁷

4.2 Australian aluminium extrusion industry as a whole

In the Application, Capral relies on the injury allegedly suffered by it as a sufficient basis for the Commission to determine there has been material injury to the Australian industry as a whole.⁸ No evidence is provided by Capral as to any injury suffered by the Australian aluminium extrusion industry as a whole, other than the alleged injury that it has suffered. PMAA submits that this is an inappropriate basis to determine that the industry has suffered material injury, particularly given the Commission's observation that the

...volume of production from producers of aluminium extrusions in Australia, other than Capral, is close to 60 per cent of total Australian production.⁹

In any case, PMAA submits that while the Australian industry has suffered from a downturn in recent years, this downturn is reflective of the global aluminium industry, and is not particular to Australia. The Commission's recent *Analysis of Steel and Aluminium Markets* demonstrates that:¹⁰

- there is a current cyclical global downturn in the aluminium industry, reflecting difficult operating conditions. The global aluminium market reflects the impacts of economic business cycles on demand. In particular, as a result of the Global Financial Crisis, demand for aluminium products has slowed significantly, while production has not fallen as rapidly as demand. This has resulted in excess production, lower prices and larger stockpiles;¹¹
- global margins for major aluminium producing countries have been in decline from 2005–2015. The decline in global margins includes China. Australia's margins have typically fallen in the middle of the range in most years during this period;¹²
- demand from the construction and heavy manufacturing sectors has slowed considerably, leading to decreased growth in the aluminium industry;¹³ and

⁷ Consideration Report, page 25.

⁸ Application, page 22–25.

⁹ Consideration Report, page 37.

¹⁰ Anti-Dumping Commission, 'Analysis of Steel and Aluminium Markets Report to the Commissioner of the Anti-Dumping Commission' dated August 2016 (**Commission Analysis**).

¹¹ Commission Analysis, page 12.

¹² Consideration Analysis, page 30-31.

¹³ Consideration Analysis, page 34.

- global capacity and inventory of aluminium has outstripped demand.¹⁴

As the Commission's Analysis observes, 'Australia's experience [in the steel and aluminium industries] has been quite similar to the rest of the world'.¹⁵ Any 'injury' to the Australian market therefore, merely reflects the current global downturn in the aluminium industry and the 'normal ebb and flow of business'.¹⁶

PMAA further submits that despite the context of slowed global growth in this industry, the Australian market share for aluminium extrusion has actually *increased* in each year from 2012/2013.¹⁷ Conversely, Capral's own data shows that the market share of imported extrusions has fallen to around 33% of the total Australian extrusions market during this time.¹⁸

4.3 Capral's injury is overstated

PMAA submits that the injury to Capral is a relevant consideration only to the extent that it is relevant to consideration of the Australian aluminium extrusion industry as a whole. PMAA submits that the injury claimed by Capral in its Application is overstated, and that the injury is not material.

In its Application, Capral submits that it has experienced injury in the form of:

- price suppression;
- loss of profits;
- reduced profitability;
- reduced return on investment; and
- increased closing stocks.

(a) Price suppression

With regard to price suppression, Capral claims that its unit Cost To Make and Sell (**CTMS**) increased in each year of the injury analysis period, and that while unit selling prices increased to a greater extent than unit CTMS in 2014/2015, this was not the case for 2012/2013, 2013/2014 and 2015/2016.

PMAA submits that these assertions do not appear to be consistent with Capral's annual reports. On the basis of Capral's annual reports, PMAA has calculated Capral's approximate margin in \$AU per tonne of aluminium, produced over 2014-2016. The methodology adopted was to use Capral's published revenue, divided by the tonnes of aluminium produced. PMAA then compared this to the average monthly costs of raw aluminium materials, as published by the London Metal Exchange (**LME**), converted for Australian dollars. Subtracting the monthly costs from the revenue per tonne of aluminium provides Capral's approximate margin per tonne of aluminium. The below table shows Capral's approximate margin in the period 2014–2016. The full spreadsheet setting out the calculation is at **Annexure A**.

Calendar Year	Capral's Manufacturing Margin per Tonne (\$AU)
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¹⁴ Commission Analysis, page 34.

¹⁵ Commission Analysis, page 34.

¹⁶ Ministerial Direction on Material Injury 2012, dated 27 April 2012.

¹⁷ Consideration Report, page 26.

¹⁸ Capral 2016 Half-Year Results Presentation, 23 August 2016.

2014	4171.57
2015	4400.54
2016 (until June 2016)	4447.85

This data suggests that Capral's margin per tonne of aluminium increased every year in the period 2014–2016. If Capral's claim of increased CTMS and suppressed prices is correct, a reduction in Capral's margin would be expected. This is not the case.

PMAA further submits that Capral's CTMS assertions are also inconsistent with industry trends. According to IBISWorld analysis and LME figures, the world price of aluminium has decreased over the past five years, which has significantly eased cost pressures. The price of other key inputs, including natural gas, has also declined over the past five years. IBISWorld figures state that lower energy and aluminium costs has led to a decline in purchase costs as a share of revenue over the past five years.¹⁹ The Commission's Analysis also shows a general decline in absolute input costs, primarily reflecting declining primary aluminium prices since 2006.²⁰

(b) Loss of profits and reduced profitability

With regard to loss of profits and reduced profitability, Capral claims that it has increased its production of aluminium extrusions in each of 2014/2015 and 2015/2016 years, from an index of 100 in 2012/2013, to 111.3 and 119.8 in 2014/2015 and 2015/2016 respectively,²¹ but that its unit profit fell between 2014/2015 and 2015/2016. PMAA submits that this claim is overstated. Capral's own Application states that its profit variations index increased from the base index of 100 in 2012/2013 to a high of 323.8 in 2014/2015, only to fall to 138.8 in 2015/2016.²² This suggests that while Capral's production increased almost 20% over the injury analysis period, its profit increased almost 40% over the same period.

Capral's annual reports dating from 2013 also provide evidence that Capral's profits in fact increased over the relevant period, as shown in the table below.

2013 Trading EBITDA (\$AUD)	2014 Trading EBITDA (\$AUD)	2015 Trading EBITDA (\$AUD)	2016 Trading EBITDA (Half-yearly result) (\$AUD)	Earnings guidance update, 2016 (\$AUD)
4.1m	9.2m	13m	10m	19-21m

The table above demonstrates that Capral's trading EBITDA has in fact increased every year since at least 2013, by as much as \$8 million. Its increase in profit appears to exceed its increase in production volume of aluminium extrusions over the same period.

Further analysis by IBISWorld indicates that Capral has outperformed the Australian industry over the period 2011-2016, especially due to its acquisition of OneSteel Aluminium in 2013.

(c) Reduced return on investment

¹⁹ IBISWorld, IBISWorld Industry Report C2142: Aluminium Rolling, Drawing and Extruding in Australia, dated July 2016 (*IBISWorld Report*).

²⁰ Commission Analysis, page 29 and 60.

²¹ Application, page 23.

²² Application, page 24.

PMAA notes that Capral's return on investment figures are not publicly available, and it is therefore difficult to comment on this claim. However, PMAA submits that it is unclear how Capral's return on investment could be decreasing at the same time that its capital expenditure is falling²³ and its profits are increasing.

(d) Increased closing stocks

PMAA submits that external pricing factors has no bearing on Capral's increased closing stocks. Indeed, Capral's sales volume has increased over the injury analysis period by almost 20%. This suggests that in order for the closing stock to have increased, Capral must have increased its stock levels significantly during the injury analysis period. It is submitted that Capral's decision to increase stock during a period of a downturn in global demand for aluminium reflects poor management decisions, rather than any effect of dumping or subsidies. Indeed, one of Capral's key strategic initiatives is to 'optimise the supply chain to reduce inventory levels'.²⁴

4.4 Any injury is not 'material'

For any injury to be 'material', that injury must be 'greater than that likely to occur in the normal ebb and flow of business', and must not be 'immaterial, insubstantial or insignificant'.²⁵ PMAA submits that, having regard to the Australian aluminium extrusion industry as a whole, and having regard to the injury alleged to have been caused to Capral, there can be no finding that the Australian industry has suffered material injury. First, this is because any injury caused to the Australian industry is merely that which has been likely to occur in the 'normal ebb and flow of business'. In addition to the global factors discussed above in section 4.2, the Commission has also considered that the Australian domestic industry is suffering from:

- slower growth in the domestic construction and manufacturing industries in particular, which has reduced demand for aluminium products;²⁶ and
- the relatively strong Australian dollar prior to its decline over 2015, which adversely affected the domestic aluminium industry.²⁷

Despite these factors, the Consideration Report notes that the Australian market share of aluminium extrusions has increased in each year from 2012/2013.²⁸

Secondly, in its Application, Capral has overstated any injury it has suffered. As discussed in section 4.3, such injury is immaterial, insubstantial and insignificant. There is no evidence to suggest that the injury to the Australian industry as a whole is anything other than insignificant, or not occurring in the normal ebb and flow of business, particularly given the cyclical nature of this market.

PMAA therefore submits that, with regard to the factors relevant to determining whether material injury has been caused to an Australian industry under section 269TAE of the Act:

- a. imported aluminium extrusions from Malaysia more generally accounts for a relatively small volume of the Australian market. The import market for aluminium extrusions

²³ Application, page 25.

²⁴ Capral's 2016 Half-Year Results Presentation, 23 August 2016.

²⁵ Australian Customs Dumping Notice No 2012/24 dated 1 June 2012; Ministerial Direction on Material Injury 2012, dated 27 April 2012.

²⁶ Commission Analysis, page 59.

²⁷ Commission Analysis, page 59.

²⁸ Consideration Report, 26.

accounts for approximately 33% of the market in Australia. Of that 33%, the aluminium extrusions from Malaysia account for approximately 20%;

- b. the Australian aluminium extrusions market remains dominated by Australian producers – indeed, this market share is increasing. Within this market, Capral is clearly the largest producer, representing more than 40% of the aluminium extrusions produced in Australia between 1 April 2015 and 31 March 2016.²⁹ Capral's market share increased each year from 2012/2013;³⁰ and
- c. to the extent that there has been any price suppression during the investigation period, the price effects are not caused by any alleged dumping or subsidisation, but rather other factors, as explained in section 4.5 of this submission.

PMAA therefore submits that there has been no material injury suffered by the Australian industry as a whole.

5 No causation

Even if it the Commission finds that there has been material injury caused to the Australian industry, (which is not accepted by PMAA), it needs to be shown that the subsidised or dumped imports are the cause of the injury. A causation finding is expressly required by the terms of the Act. The causation requirements in sections 269TG(1) and (2) of the Act reflect Australia's implementation of Article VI(6)(a) of the GATT:

No contracting party shall levy any anti-dumping or countervailing duty on the importation of any product of the territory of another contracting party unless it determines that the effect of the dumping or subsidization, as the case may be, is such as to cause or threaten material injury to an established domestic industry, or is such as to retard materially the establishment of a domestic industry.

The Ministerial Direction on Material Injury makes clear that injury caused by other factors must not be attributed to dumping or subsidisation.³¹ Section 269TAE(2A) of the Act expressly states that the Minister must consider whether any injury to an industry is caused or threatened by a factor other than the dumping of those goods, such as:

- the volume and prices of imported like goods that are not dumped;
- contractions in demand or changes in patterns of consumption;
- restrictive trade practices of, and competition between, foreign and Australian producers of like goods;
- developments in technology; or
- the export performance and productivity of the Australian industry.

To the extent that Capral and the Australian industry has suffered any volume, investment or price-related injuries (which PMAA rejects), PMAA submits that there are other causes for these effects, and these should not be attributed to any subsidisation or dumping. In particular:

- a. the timeframes submitted in Capral's Application do not demonstrate that Capral's injury has been caused by imports from Malaysia. Capral's profit and profitability tables provided in the Application show that, using 2012/2013 as a baseline, both profit and profitability

²⁹ Consideration Report, 25.

³⁰ Consideration Report, 25.

³¹ Ministerial Direction on Material Injury 2012, dated 27 April 2012.

increased in 2013/2014 and 2014/2015, only to dip in 2015/2016.³² However, Capral's Application submits that injuries caused to it by Malaysian imports commenced in 2009. The fact that Capral's profit and profitability increased in 2013/2014 and 2014/2015 suggest that any injury caused to Capral does not correlate with increased imports from Malaysia;

- b. according to analysis by IBISWorld, the aluminium extrusion industry in Australia has faced significant challenges over the past few years, particularly driven by weakened activity in downstream industries, such as the motor vehicle manufacturing industry, which in turn has reduced domestic demand for aluminium extrusions.³³ Moreover, the planned exits of major motor vehicle manufacturers, such as GM Holden and Toyota, by the end of 2017 will significantly lower the revenue derived from the aluminium extrusions market over the next few years. Demand from the construction industry has also declined since 2013, resulting in further weakened activity in the aluminium extrusion industry. IBISWorld considers that the weakened domestic demand is expected to contribute to a 5.9% expected drop in current year revenue in the broader aluminium rolling, drawing and extruding industry;
- c. the global aluminium market is currently going through a cyclical downturn, as discussed in section 4.2. The effect of this downturn has been exacerbated by the relatively strong Australian dollar, prior to its depreciation in 2015, which increased the cost of Australian exports of aluminium extrusions; and
- d. imports from China have continued to expand in local industry markets, despite the anti-dumping measures imposed by the Commission. IBISWorld analysis suggests that the majority of industry imports are expected to come from China, due to cheaper labour costs and economies of scale. China's aluminium smelting industry is also likely to continue to be heavily subsidised by the Chinese government. Such low production costs will continue to mean that the ongoing effect of injuries caused by Chinese imports will contribute to decreased industry revenue for domestic producers. As the Commission's Inquiry into the Continuation of Anti-Dumping Measures demonstrates:

The continuing volume of imports from China indicates that Chinese exporters have maintained distribution channels into the Australian market since anti-dumping measures were imposed in October 2010. This trend in import volumes suggests that imports are likely to continue in significant volumes in the immediate future.³⁴

³² Application, page 24.

³³ IBISWorld Report.

³⁴ Commission, 'Anti-Dumping Commission Report No. 287: Inquiry into the Continuation of Anti-Dumping Measures' dated 28 September 2015, page 22.

6 Conclusion

PMB has not exported aluminium extrusions to Australia in circumstances where countervailable subsidies have been **received** in respect of the goods. Further, PMB has not exported aluminium extrusions to Australia at dumped prices and accordingly should not be subject to any dumping duties. Even if the Commission finds against PMB on either the subsidies or dumping grounds, no material injury has been caused to the Australian industry by the subsidies and/or dumping, as any price and volume effects may be explained by other factors that are not attributable to import competition and these require careful consideration during the investigation.

PMB is concerned to ensure that neither countervailing nor dumping duties are imposed inappropriately to the detriment of increased competition in the Australian aluminium extrusions market.

PMB would be happy to assist the Commission with any further queries during the course of its investigation.