

# Blackburn Croft & Co

Trade Consultants

Blackburn Croft & Co Limited  
149-155 Parnell Road  
PO Box 37-553, Parnell  
Auckland, New Zealand  
Telephone: 64-9-358 4242  
Fax: 64-9-358 4343  
Email: bcc@tradecon.co.nz

The Director Operations 1

Non-confidential

Anti-Dumping Commission

55 Collins Street

Melbourne VIC 3000

Australia

Attention: G Katsoulis

Dear George

The ADC has mentioned to Viridian it needs to see more evidence of the impact of not continuing the duties. The ADC has been informed that unlike the 2010 investigation (reinvestigated in 2011) there has not been the same level of information in the form of price lists and the same level of co-operation from importers/exporters.

1. This has limited the information available to the ADC. In summary Viridian has informed the ADC:

Confidential commercial strategies

1.1

[REDACTED]

[REDACTED]

To maintain volumes Viridian are having to

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- 1.2 From the verification visit: Confidential assessment:

[REDACTED]

1.3 And from extensive searching of written comments :

[REDACTED]

In a file note following a [REDACTED]

- Considering [REDACTED] of Viridian on [REDACTED]

I have spent some [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] (From email to the ADC,6 May)

- From Viridian's email of 18 May:  
Yes they are very active but as you can imagine it is difficult to get price lists. Despite this we have got price list but what they are doing is supplying the clear [REDACTED] the antidumping measures. So the clear float glass prices listed do not relate to Thailand.  
It is my view that they are very active over the last [REDACTED] if the antidumping measures are removed.

I've been spending quite a bit of time thinking about the issues that we are having getting evidence of import price pressure from the suppliers that have the antidumping measures in place against them. The clear float glass from China is mostly coming from [REDACTED], the Indonesian suppliers have zero antidumping rates against various substances and Guardian are supplying the clear float glass from RAK, so it's not too surprising that we're struggling to get specific information about pricing from these suppliers in China, Indonesia and Thailand.

The Chinese float market has significant overcapacity at the moment and Chinese customers don't pay cash, so any export markets are very attractive right now. I [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] ( From attached email)

2. The lack of co-operation has prompted Viridian to examine [REDACTED] assessing what a likely FIS cost would be and how a reduction in the FIS if measures were not continued would impact on Viridian's revenue and profitability. The FIS approach does not accurately show the level of undercutting mentioned by Viridian's customers.
3. But, importantly, it does show that if there were no measures price undercutting would increase significantly. The increase in undercutting would impact on Viridian's ability to retain customers.
4. Although Viridian's price is still being undercut in this analysis this does not mean Viridian is unable to sell CFG against a cheaper price. If the undercutting gets too large then Viridian [REDACTED]. It is not the intention of the Anti-Dumping Agreement to make all suppliers price competitive but to remove the element of dumping that is causing material injury. This then can assist in a domestic manufacturer recovering some revenue and assist in bringing in customer focussed programmes to maintain volumes. The injury addressed by a measure was commented on in the Anti-Dumping Review Panel Report No.29:<sup>1</sup>

*While it is clear from the analysis which the ADC performed that there would still be a significant price advantage for the imported product without dumping, I do not understand how there can be a conclusion that there would not have been any reduction in the injury suffered by the Australian industry. The fact that the industry would still have suffered injury as a result of competition from the cheaper imported product does not mean that the injury would have been to the same extent as was suffered with dumping.*

5. The FIS comparison has been done to demonstrate to the ADC that although this is the best information available to Viridian it does provide an outline of how the measures benefit Viridian in limiting the degree of undercutting. This FIS approach is explained as follows:  
The sample of customers is divided into three categories to provide some clarity around price sensitivity and different levels of price undercutting. For example larger volume customers [REDACTED] Viridian does not have

---

<sup>1</sup> Certain crystalline silicon photovoltaic modules or panels exported from the People's Republic of China p.13 ADRP Report No. 29 revoked the decision to terminate.

details of other suppliers that Viridian customers may use. The sample groups customers into higher volume purchases, lower volume [REDACTED]. However the limited information available to Viridian means that the three categories does not have a bearing on the way price undercutting has been assessed along with lost revenue in the sample.

6. A weighted average price (WAP) in each group in the sample has been calculated from the net sales figure in the A4 data.

A nominal FIS price has been calculated by adding to the exporter price lists (the only price lists available to Viridian are those supplied with the application: Xinyi and Muliaglass) actual import information from other products Viridian imports. While the products may not be the same it is assumed that the costs would be similar to those applying to CFG.

7. This nominal FIS price has then been adjusted to a level with anti –dumping duties in place. Because the exporters from Indonesia have some zero duties this may affect pricing between these two companies. This may also apply to Guardian. That is, an exporter may average prices to ensure prices across substances are consistent. Where substances do not have a duty then it could be expected that exporter pricing may be adjusted . For example exports from Indonesia possibly tend to reflect the pricing of the exporter that has the most zero margins of substances.

8. As can be seen the WAP/FIS approach does provide some indication of the undercutting in the market. There is a high probability that this undercutting would reach lower levels if the measures are removed.

9. Having done the FIS analysis Viridian then explored a different method. Viridian tried to estimate an improved WAP in each of the three categories which would then show a different picture of undercutting as the FIS prices would be lower than the improved WAPs. But in considering this improved WAP approach Viridian does not have enough detail about the actual anti-dumping duty paid. This is important as the [REDACTED] information [REDACTED] suggests that there is now a new supplier from China that may be exporting dumped non examined exports to Australia.(see Viridian’s email of 2 May. The [REDACTED] regarding company information. [REDACTED] is possibly linked to the claiming of VAT export rebates by the exporter) These “new” dumped imports may be contributing to the apparent increase in [REDACTED] [REDACTED] which is not uniformly shown in the FIS approach. This method was not followed through as any improved WAP approach would run counter to Viridian’s experience of [REDACTED] [REDACTED].

10. This experience showed that even with measures in place there is still a magnitude of undercutting that is more than likely to increase if measures are not continued. In the case of China the removal of the other rate would certainly see new exporters come into Australia with adverse impacts on Viridian’s revenue, volume and profitability.

11. In order to respond as completely as it can to the ADC's questions on causation Viridian then looked at the difference between the un-dumped FIS and the dumped FIS. Assuming that the difference would impact on Viridian's actual WAP if the measures were removed an estimate was made of the loss of revenue in each group by substance.
12. This showed a revenue loss of between [REDACTED]. This then results in profitability falling in the range [REDACTED].<sup>2</sup> Any volume loss has not been attempted in this FIS analysis. Price and volume effects across the business were shown in Viridian's email of 17 May.
13. What this analysis is seeking to do is to overcome the lack of evidence from non-co-operating parties. It demonstrates that the level of price undercutting would increase as the FIS price reduced and that if duties were not continued then there would be a significant revenue loss, a loss of volume and adverse impact on profitability to a similar level as shown in the email to the ADC on 17 May.
14. The overcapacity in the CFG industry in the three countries and/or the need for a CFG exporter to eliminate the effects of any downturn in local demand indicates a high probability that exports will continue with or without measures. But if there were no measures there would be no constraint on exporters' prices and as demonstrated in the email of 17 May the volume and pricing effects are material to Viridian.

Yours sincerely

J J Croft

---

<sup>2</sup> From A6