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Mr Mayuran Jeyarajah
Assistant Director
Anti-Dumping Commission
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Dear Mr Jeyarajah

Investigation No. 348 – Quicklime exported from Malaysia, Thailand and Vietnam

Introduction

Cockburn Cement Limited ("Cockburn") is the applicant company seeking the imposition of anti-dumping measures on exports of quicklime from Malaysia, Thailand and Vietnam. Following the commencement of the investigation, submissions have been received from interested parties. Cockburn takes this opportunity to address the submissions made to date.

Chememan Co Ltd submission of 22 May 2016

The submission by Chememan Co Ltd ("Chememan") appears to contest that Cockburn has not submitted a properly documented application seeking the imposition of anti-dumping measures. Consideration Report No. 348 confirms that the Commission was satisfied that Cockburn's application complied with subsection 269TB(4) of the *Customs Act*. Additionally, the Commission was satisfied – for the purposes of commencing an investigation – that Cockburn had provided sufficient information for the Commission to undertake an initial assessment of injury and causation, and that "there appear to be reasonable grounds for a finding that dumping has caused injury to the applicant". The issue of 'materiality' of the injury is to be examined during the investigation.

Cockburn has therefore satisfied the initial legislative requirements for the commencement of an investigation.

Chememan has contended that Cockburn has not been materially injured by imports and references the findings in Investigation No. 179 – an inquiry period that pre-dates the current investigation period by almost 5 years. Cockburn dismisses this suggestion on the basis that the two investigation periods are a number of years apart and that there has been a significant upsurge in imports from the countries subject to the investigation following Investigation No. 179.

Chememan then seeks to challenge Cockburn's material injury claims by referencing Adelaide Brighton's 2015 Annual Report. However, Chememan does concede that Adelaide Brighton's financials are "at the consolidated level". This is an important observation. Cockburn's quicklime sales account for a portion of Adelaide Brighton's total annual revenues and any inferences concerning quicklime cannot be made from headline data. Additionally, quicklime is only a proportion of the total business for Cockburn.

The quoted extracts from Adelaide Brighton's 2015 Annual Report can also be viewed as recognition that imports of lime have impacted the performance of Cockburn's sales to the non-alumina sector. The absence of injury from imports cannot be a conclusion of the commentary in the 2015 Annual Report.

Cockburn agrees with Chememan that the financial summaries in the Adelaide Brighton 2015 Annual Report are at the consolidated level. Chememan's conclusions as to the economic performance of Cockburn's quicklime business are not disclosed in the consolidated report.

Cockburn accepts that Chememan recognises that regional injury may be taken into account when considering material injury to the Australian industry. Cockburn has not, as is suggested by Chememan, contended that the Western Australian industry manufacturing quicklime is, for the purposes of Section 269TG, the Australian industry manufacturing like goods. This is entirely apparent in Cockburn's completion of Confidential Appendix A1. Cockburn is aware that injury to the Australian industry takes account of all producers in Australia and has prepared the application in full recognition of this.

Cockburn re-affirms its claims in its application that the Australian industry manufacturing quicklime has suffered material injury as a result of the dumped exports to Australia of quicklime from Malaysia, Thailand and Vietnam.

Chememan Co Ltd submission of 13 June 2016

Chememan has made further claims concerning the economic performance of Cockburn's lime business based upon 2015 data released by Adelaide Brighton at the consolidated level.

Cockburn has provided the Anti-Dumping Commission ("the Commission") with detailed cost-to-make-and-sell ("CTM&S") data for its quicklime business that detail the extent of injury experienced by the company over the period 2012 to 2015. The Commission will assess the financial data provided by Cockburn and make its findings based upon this data and other relevant information that relates directly to the Australian quicklime industry.

Further, Chememan argues that Cockburn has exaggerated the increase in the export volumes of quicklime exported to Australia from Malaysia, Thailand and Vietnam in 2015. The actual import volumes as declared in the ABS import clearance data are factual and have not been manipulated in any way. The reality is that there has been a dramatic increase in the export volumes to Australia since 2012 and, particularly in 2015, the dumped exports hold an increased share of the Australian market for quicklime (in increasing percentages year-on-year) since Investigation No. 179 (i.e. the period July 2010 to June 2011).

Cockburn therefore rejects the arguments submitted by Chememan that the import volumes from the nominated countries can be described as "miniscule". The rapid increase in volumes since the original investigation support Cockburn's claims.

LHoist (Malaysia) Sdn Bhd submission of 3 June 2016

It is noted that LHoist (Malaysia) Sdn Bhd ("LHoist") contends that it shipped quicklime to Australia during 2015 on the basis of lime quality integrity and logistical tests only, and it refers to the volumes as 'shipping trials only'.

LHoist claims that the goods exported as part of shipping trials were not dumped. LHoist has provided in confidence a "Domestic-Ex-works Normal Price excluding intercompany sales" figure which it purports represents a normal value for quicklime sold by the company in Malaysia.

Cockburn cannot comment on the validity of the domestic pricing information provided by LHoist to the Commission. Cockburn notes that there is no supportive evidence in LHoist's submission indicating that the proscribed normal value is based upon weighted average domestic sales calculations for comparable goods exported to Australia. LHoist's comment that its normal values is lower than that included by Cockburn in its application is therefore meaningless in the absence of clarification as to the basis for the normal value assessment.

LHoist has sought to comment on what constitutes injury to the Australian industry. Cockburn has addressed this issue above in response to comments raised by Chememan.

LHoist has further submitted that the Australian quicklime industry has not suffered material injury. LHoist incorrectly arrives at this misinformed viewpoint on the grounds that:

- LHoist's two export shipments did not cause injury to the industry;
- Imports from Malaysia, Thailand and Vietnam account for "only a small volume of the Australian quicklime market" which LHoist has not quantified (both the import volumes and the size of the Australian market);
- Other factors have contributed to any injury experienced by the Australian industry; and
- There has been no impact on the alumina sector's pricing for quicklime.

LHoist's referred "other" causes of injury include:

- Alleged inefficiencies with Cockburn's Dongara plant;
- Operating efficiencies of production facilities in Western Australia remain a priority for Adelaide Brighton;
- Higher energy costs apparent in Western Australia;
- Reductions in demand in the non-alumina (including gold and nickel production) sector; and
- A lack of competition in the market for quicklime.

Cockburn refutes LHoist's allegations. Cockburn submits that if there is in fact a reduction in demand for quicklime in the non-alumina sector, it would impact supply from imports and local production equally. This has not been the case, and imports from Malaysia, Thailand and Vietnam have escalated in 2015 by almost 200 per cent over 2014 levels. The references to plant efficiencies for Adelaide Brighton are driven by the underutilisation of production capacities due to import supply displacing local production. It is therefore consequential that production efficiencies decline as production volumes taper off.

LHoist's claims that other factors have contributed to the injury experienced by Cockburn are therefore inaccurate. The cause of the injury sustained by Cockburn can be directly linked to the dumped quicklime exports from Malaysia, Thailand and Vietnam.

Conclusions

The submissions of Chememan and LHoist seek to attribute injury to the Australian quicklime industry to factors other than dumping. The submissions also suggest that any injury to Cockburn cannot be interpreted as injury to the Australian industry as a whole. Cockburn rejects the comments and assertions of Chememan and LHoist as deliberately not taking full account of the dramatic increase in export volumes from Malaysia, Thailand and Vietnam that have increased by almost 200 per cent in 2015 (over 2014). Growth in export volumes at such dramatic levels in a market that has meagre annual growth can only be achieved where the selling price for the imported goods undercuts the selling prices of the Australian industry (thereby impacting profit and profitability).

Cockburn reaffirms its claim that material injury sustained by the Australian industry has been caused by the rapid and dramatic increase in exports to Australia of quicklime at dumped prices that have undercut the selling prices of the Australian industry.

If you have any questions concerning this submission, please do not hesitate to contact Mr Drew Elsbury on (08) 9411 1116 or Cockburn's representative Mr John O'Connor on (07) 3342 1921.

Yours sincerely



Vince Valastro
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