



**Australian Government**  
**Department of Industry,  
Innovation and Science**

**Anti-Dumping  
Commission**

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# **INVESTIGATION 348**

## **ALLEGED DUMPING OF QUICKLIME**

**EXPORTED FROM MALAYSIA, THE KINGDOM OF THAILAND  
AND THE SOCIALIST REPUBLIC OF VIETNAM**

## **VISIT REPORT - AUSTRALIAN INDUSTRY**

## **COCKBURN CEMENT LIMITED**

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN  
WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT  
THE FINAL POSITION OF ANTI-DUMPING COMMISSION

**August 2016**

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## ABBREVIATIONS

\$	Australian dollars
the Act	<i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
the applicant	Cockburn Cement Limited
CFR	Cost and freight
COGS	Cost of goods sold
the Commission	Anti-Dumping Commission
CTM	Cost to make
CTMS	Cost to make & sell
CTS	Cost to sell
EBIT	Earnings before interest and tax
EDITA	Earnings before interest, tax, depreciation and amortisation
FOB	Free On Board
NIP	Non-injurious Price
PAD	Preliminary Affirmative Determination
SEF	Statement of Essential Facts
the goods	the goods the subject of the application (also referred to as the goods under consideration or GUC)
the Parliamentary Secretary	Assistant Minister for Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science
USP	Unsuppressed Selling Price

## 1 BACKGROUND AND PURPOSE

### 1.1 Background

On 18 April 2016 the Anti-Dumping Commissioner (the Commissioner) initiated an investigation into the alleged dumping of quicklime exported to Australia from Malaysia, the Kingdom of Thailand and the Socialist Republic of Vietnam. Public notification of the initiation of the investigation was published on the Commission's website.

The background relating to the initiation of this investigation is contained in Consideration Report 348.<sup>1</sup>

### 1.2 Purpose of visit

The purpose of the visit was to:

- obtain general information about the Australian market for quicklime;
- gain a greater understanding of the company's manufacturing, marketing and distribution processes;
- verify information provided in the application;
- obtain additional financial data about claimed injury to the Australian industry; and
- gather information relevant to assessing whether the allegedly dumped imports had caused material injury to the Australian industry.

### 1.3 Meeting details

Company	Cockburn Cement Limited
Dates of visit	Tuesday 24 May 2016 – Thursday 26 May 2016

The following were present at various stages of the meetings.

Cockburn Cement	Mr Vince Valastro, General Manager Sales & Marketing Mr Drew Elsbury, Sales & Marketing Development Manager Mr Bruce Shaddock, Finance Manager Ms Terry Linto, Business Improvement Manager
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<sup>1</sup> Accessible at [www.adcommission.gov.au](http://www.adcommission.gov.au).

The Commission	Justin Wickes - Case Director Mayuran Jeyarajah - Case Manager Kathryn Marnell - Senior Investigator
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## **1.4 Investigation process and timeframes**

We advised the company of the investigation process and timeframes as follows.

- The investigation period is 1 January 2015 to 31 December 2015.
- The injury analysis period is from 1 January 2012 for the purpose of analysing the condition of the Australian industry.
- A preliminary affirmative determination (PAD) may be made no earlier than day 60 of the investigation (17 June 2016) and provisional measures may be imposed at the time of the PAD or at any time after the PAD has been made.

The Commission will not make a PAD until (and if) it becomes satisfied that there appears to be, or that it appears there will be, sufficient grounds for the publication of a dumping duty notice and/or a countervailing duty notice.

This was distinguished from the 'reasonable grounds' threshold for initiation of the investigation.

- The Statement of Essential Facts (SEF) for the investigation is due to be placed on the public record by 6 August 2016, or such later date as the Assistant Minister for Science and Parliamentary Secretary to the Minister for Industry, Innovation and Science (the Parliamentary Secretary)<sup>2</sup> allows under s.269ZHI of the *Customs Act 1901* (the Act).

The SEF will set out the material findings of fact on which the Commission intends to base its recommendations to the Parliamentary Secretary, and will invite interested parties to respond, within 20 days, to the issues raised therein.

- Following receipt and consideration of submissions made in response to the SEF, the Commission will provide its final report and recommendations to the Parliamentary Secretary.

This final report is due no later than 20 September 2016, unless an extension to the SEF is approved by the Parliamentary Secretary.

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<sup>2</sup> On 20 September 2015, the Prime Minister appointed the Parliamentary Secretary to the Minister for Industry, Innovation and Science as the Assistant Minister for Science.

## **1.5 Visit report**

We explained to the company that we would prepare a report of our visit (this report) and provide it to the company to review its factual accuracy, and to identify those parts of the report it considers to be confidential.

We explained that, in consultation with the company, we would prepare a non-confidential version of the report, and place this on the investigation's Public Record.

## 2 THE GOODS

### 2.1 Description

The goods the subject of the application (the goods) are:

Quicklime, also known as Calcium Oxide (CaO) as this is the dominant chemical composition of quicklime.

### 2.2 Tariff classification

The goods are classified to tariff subheading 2522.10.00 (statistical code 26) of Schedule 3 to the *Customs Tariff Act 1995*.



### **3 THE AUSTRALIAN INDUSTRY**

#### **3.1 Corporate, organisational and ownership structure**

Cockburn Cement was founded in Perth in 1955 and focused on cement production. The first lime kiln was built in Munster in 1979 and there are currently three lime kilns in operation – two in Munster and one in Dongara. In 1999 Cockburn Cement joined the Adelaide Brighton Group. Adelaide Brighton is a publicly listed company and its annual reports are available at the following link: <http://adbri.com.au/investors#reports>.

#### **3.2 Accounting structure and details of accounting systems**

Cockburn uses a SAP accounting system. The company uses standard costing and, as explained in the verification of costs, there is minimal variance to actual costs. There are profit centres for each manufacturing plant with cost centres sitting below these.

Cockburn Cement's audited financial statements are consolidated into Adelaide Brighton's annual report. Its financial year is 1 January to 31 December.

#### **3.3 Relationship with suppliers and customers**

Cockburn advised that it has business relationships with both suppliers and customers. Sales of quicklime can be divided into sales into the alumina market, and sales into the non-alumina market. Sales into the alumina market are subject to long-term contracts (up to ■ years) thus there is a long-standing relationship in place with customers. Sales into the non-alumina market are of smaller quantities and shorter supply terms (generally up to ■ years). In relation to suppliers, Cockburn has existing relationships with suppliers of coal and other raw materials required. All customer and supplier relationships do not extend further than business relationships.

#### **3.4 Manufacturing facilities and product range**

##### **3.4.1 Manufacturing facilities**

Cockburn Cement operates three quicklime kilns, two at Munster and one in Dongara. These three kilns have a total production capacity of ■ (confidential production information) of quicklime each year. Cockburn Cement advised that the quicklime industry is capital intensive and that it has invested heavily in the facilities at both plants.

### 3.5 Production process

During the verification meetings, we conducted an inspection of the production facilities at both Dongara and Munster. We observed the production process as outlined below.

#### Munster

Cockburn Cement explained that they dredge shell sand off the coast of Woodman Point, around 7km from their Munster plant. A trailer suction barge picks up the sand and carries it back to Woodman Point before depositing it next to Cockburn's jetty. A suction reclaimer then pumps that sand into their washing operations at Woodman Point where it runs through a filter to eliminate debris and shells. The washed sand is then pumped around 6km via pipe (both under and above ground level) to the Munster plant.

At the Munster plant, the sand is collected by a front-end loader and transported to a kiln storage hopper. The hopper then feeds the sand into the pre-heater tower, where it moves through the tower and is mixed with gases from the kiln. It then passes through the kiln where it reaches a maximum temperature of 1100 degrees Celsius – at this temperature the calcium carbonate is decarbonated to form quicklime. Ultimately the quicklime moves through the coolers and then to storage silos.

#### Dongara

The process at the Dongara plant differs in that there is no dredge process. The sand is collected via front loaders from sand dunes which have built up over many years around 2km from the Dongara plant site. This sand is transported back to the plant itself and the process of moving it into the hopper and through the kiln process is similar to that described above.

### 3.6 Like goods

Cockburn Cement explained how the quicklime that it produced was like goods to the quicklime imported from Malaysia, Thailand and Vietnam. They explained that quicklime is predominantly composed of calcium oxide and that there were marginal differences in the calcium oxide content of the imported quicklime compared to its quicklime.

Cockburn Cement advised that the quicklime produced in Munster has an average calcium oxide content of 80% while for Dongara this is around 86%. [REDACTED]

[REDACTED] (confidential marketing information). Cockburn explained that the key reason for this difference was the different raw materials that were used. Cockburn Cement monitors the available lime content of its quicklime at several stages of the production process to establish the quality of the quicklime produced.

[REDACTED]  
[REDACTED] (confidential customer pricing information).

Cockburn also noted that there may be some differences in what substances make up the remainder of the quicklime – including magnesium oxide and silica. However, they considered that these differences did not change the nature of the quicklime given the product was predominantly calcium oxide. Both the imported quicklime and Cockburn's quicklime were manufactured in a similar way, albeit with different raw materials, and were used for the same purpose by the same customers.

For the reasons outlined, together with the information outlined in Consideration Report 348, Cockburn Cement considered that the quicklime it produced was like goods to the imported quicklime.

### **3.7 Employment numbers**

Cockburn stated that in the 2015 year it employed [REDACTED] people in quicklime production at Munster, and [REDACTED] people in quicklime production at Dongara.

### **3.8 Annual turnover**

Cockburn Cement had a total operating income in 2015 of just over \$[REDACTED]m, of which just over \$[REDACTED]m was from sales of quicklime

### **3.9 Capacity**

Cockburn Cement outlined their estimated total production capacity to be approximately [REDACTED] (confidential production information). The Dongara plant specifically has a production capacity of [REDACTED] (confidential production information). Cockburn discussed the reduced production in Dongara which is outlined further below under injury analysis.

## 4 AUSTRALIAN MARKET

### 4.1 Background

Cockburn Cement explained that quicklime is primarily used in Australia in mineral processing – including alumina, gold and steel. Usually the production of quicklime is located in close proximity to mineral processing operations.

### 4.2 Market segmentation

Cockburn Cement explained that the market for quicklime in Australia is separated predominantly by geographical location. Suppliers on the east coast supply quicklime to mineral processing operations that exist in the eastern states while Cockburn Cement (located in Western Australia) is the major supplier to mineral processing operations in that State.

In Western Australia, quicklime is sold into two distinct markets. The first is alumina processing, which makes up around █% of Cockburn's sales. The other sales are into the non-alumina market and includes gold processing, effluent treatment, pH adjustment and other mineral processing and water treatment operations.

Cockburn highlighted that the imported quicklime has similar end uses to the quicklime produced and sold by the Australian industry.

### 4.3 Marketing and distribution

#### Marketing

Cockburn explained that they do not have an extensive marketing or branding program in place for quicklime. █

█ (confidential customer supply information). Outside of these arrangements Cockburn explained they do not have any other marketing programs. This is in contrast to the cement side of their business where they do focus on advertisement.

#### Distribution

Cockburn Cement advised that its quicklime is sold █

█ (confidential customer information).

Dispatch of quicklime occurs 24 hours a day, 7 days a week, and delivery by truck is █

█ (confidential production information).

Cockburn Cement also has a depot in Kalgoorlie used to store and supply quicklime to local customers. [REDACTED]

[REDACTED] (confidential company supply information).

#### **4.4 Imports by applicant**

Cockburn Cement stated that it did not import quicklime during the 2015 year.

#### **4.5 Demand**

Cockburn explained that quicklime demand is not subject to any seasonal variability. There had been a slight decline in the total demand for quicklime from 2012 to 2014 but in the 2015 year there had been a slight increase in demand.

#### **4.6 Market size**

Cockburn Cement estimates the total Australian market to be 1.6 million tonnes per annum. Of this, Cockburn Cement itself makes up around [REDACTED] million tonnes. In their application, Cockburn Cement estimated the total production for other Australian producers of quicklime (located on the east coast of Australia). This extract is included at **confidential attachment 2**.

## 5 SALES

### 5.1 General

As part of its application, Cockburn Cement provided the Commission with its sales listing for the 2015 calendar year. At the industry visit we sought to verify the company's sales information to its financial accounts and source documents for selected sales in order to establish that the information provided was complete, relevant and accurate. This sales listing is attached at **confidential attachment 3**.

### 5.2 Ordering, invoicing and delivery arrangements

Cockburn Cement advised that for most customers, Cockburn itself manages their inventory and dispatches more quicklime as required. Other customers manage their own inventory and place orders periodically. [REDACTED]

[REDACTED] (confidential customer trading information).

Cockburn Cement uses an electronic freight management system known as [REDACTED]. Under this system, the delivery trucks are weighed as they enter and leave the factory after collecting quicklime directly from the storage silos. The tonnage of each consignment of quicklime is recorded as well as the destination and the freight company carrying the load. [REDACTED]

[REDACTED] (confidential company ordering information).

[REDACTED]

[REDACTED] (confidential customer ordering information)

Payment terms are usually [REDACTED] (confidential company payment terms information)

### 5.3 Pricing

#### 5.3.1 Pricing system

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]  
(confidential customer pricing details and supporting information)

#### *Discounts and rebates*

[REDACTED]  
(confidential customer pricing information)

### **5.4 Verification of sales data to audited financial statements**

To assess sales data for completeness and relevance, the visit term sought to verify data to audited financial statements. The Adelaide Brighton Group report includes lime sales from operations in South Australia, Western Australia and the Northern Territory, with Cockburn Cement only making up the Western Australian proportion. For this reason, it was difficult to verify up to audited financial statements. The Commission instead verified up to the profit and loss statement of Cockburn Cement.

The Commission selected transactions from Cockburn Cement's A4 sales data and verified these transactions through Cockburn's SAP system up to the general ledger accounts, from which the sales report was generated. Cockburn Cement provided the Commission with full documentation for the two sales we selected to demonstrate how these sales would be processed up to their sales report. These documents have been attached at **confidential attachment 5**.

[REDACTED]

(confidential company order and supply information).

Following the visit, Cockburn Cement provided the Commission with additional data in order to verify sales up to audited financial statements. Cockburn provided an extract of the consolidated accounts for Adelaide Brighton Limited for the calendar year of 2015. In addition to this, they provided the data from the ledger containing each of the profit centres for Cockburn Cement Limited (taken from SAP) and their respective profit or loss. The Commission was able to reconcile the total sales for Cockburn Cement (across each profit centre) to the consolidated Adelaide Brighton Limited statement.

#### 5.4.1 Completeness and relevance of sales data - conclusion

Having regard to the above, we consider that the Appendix A4 Sales data provided represents reasonably complete and relevant accounts of the sales of quicklime during the period from 1 January 2015 to 31 December 2015.

#### 5.5 Verification of sales data to source documents

To assess sales data for accuracy, verification to source documents was undertaken. Prior to the visit the Commission selected the following transactions from the sales list for verification to source documents:

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

(confidential customer pricing information)

For each selected sale, Cockburn Cement provided the following documents:

- Contract;
- Purchase order;
- Delivery docket;
- Tax invoice; and
- Proof of payment.

The bundles of source documents are at **confidential attachment 6**. The customer, reference document number, delivery date, quantity, gross invoice price and gross proceeds reconciled with the source documents provided. [REDACTED]

(confidential customer freight information).

#### 5.5.1 Accuracy of sales data - conclusion

Having regard to all of the above we consider the Appendix A4 Sales data provided is a reasonably accurate account of the sales of quicklime during the period from 1 January 2015 to 31 December 2015.



## **5.6 Export sales**

Cockburn Cement stated in its application that it does not export quicklime. The Commission found no evidence of the export of quicklime.

## **5.7 Sales – conclusion**

We consider that Cockburn Cement's sales in Appendix A4, is a reasonably complete, relevant and accurate reflection of the sales of quicklime during the period from 1 January 2015 to 31 December 2015.

Accordingly, we consider the Cockburn Cement sales data in Appendix A4 are suitable for analysing the economic performance of its quicklime operations from 1 January 2015 to 31 December 2015.

## 6 COST TO MAKE AND SELL

### 6.1 General

We explained to Cockburn Cement that we need to be satisfied that the data submitted in the application was complete, relevant and accurate. We also explained that the company would have to demonstrate that the data could be verified and traced to financial statements and to source documents.

### 6.2 Verification of cost to make and sell data to audited financial statements

To assess cost to make and sell data for completeness and relevance, the visit team sought to verify data to audited financial statements. As noted above in the discussion of verification of sales data, the results for Cockburn Cement form part of the consolidated group results for the Adelaide Brighton Group. Therefore, upwards verification was conducted to Cockburn Cement's profit and loss statement. The Commission focused on the final quarter of the 2015 calendar year for its verification, and verified data for both the Dongara and the Munster plants. As explained in greater detail below, the Commission was able to reconcile the cost to make and sell data to Cockburn Cement's profit and loss statement, and how this feeds into the financial statements for Adelaide Brighton.

#### *Dongara total CTMS*

Cockburn Cement was able to provide an extract from SAP for the total costs to manufacture quicklime from the Dongara plant in the 2015 year. This document is attached at **confidential attachment 7**. The table below is a comparison of the verified data with the data from Cockburn Cement's A6 CTMS information:

	Cockburn Cement's A6 Data	Verified SAP Data	Variance
2015 Cost to Manufacture - Dongara	██████████	██████████	██████████

(confidential company information)

The Commission considers this discrepancy to be very minor and therefore we are satisfied that the costs for Dongara are accurate.

#### *Munster total CTMS*

Cockburn Cement was able to provide an extract from SAP for the total costs to manufacture quicklime from the Munster plant in the 2015 year. This document is attached at **confidential attachment 8**. A discrepancy was identified in that shell sand is a separate cost which had been included in their A6.1 data but which was not included in their cost to make in SAP. The Commission subtracted the verified costs for shell sand

and then compared Cockburn's revised A6 data with their verified SAP data, as shown in the following table:

	Cockburn Cement's A6 Data	Verified SAP Data	Variance
2015 Cost to Manufacture - Munster	██████████	██████████	██████████

(confidential company information)

The Commission considers this discrepancy to be very minor and therefore we are satisfied that the costs for Munster are accurate.

As noted above, following the visit, Cockburn Cement provided the Commission with additional data in order to verify costs up to audited financial statements. Cockburn provided an extract of the consolidated accounts for Adelaide Brighton Limited for the calendar year of 2015. In addition to this, they provided the data from the ledger containing each of the profit centres for Cockburn Cement Limited (taken from SAP) and their respective profit or loss. The Commission was able to reconcile both the cost of sales and distribution costs for Cockburn Cement (across each profit centre) to the consolidated Adelaide Brighton Limited statement.

#### **6.2.1 Completeness and relevance of cost to make and sell data - conclusion**

Having regard to the above, we consider that the cost to make and sell data in Appendix A6 provided represents reasonably complete and relevant accounts of the fully absorbed costs to manufacture and sell quicklime during the period from 1 January 2015 to 31 December 2015.

### **6.3 Verification of production costs to source documents**

To assess production cost data for accuracy, verification to source documents was undertaken.

#### **6.3.1 Production volumes**

In their A6 document Cockburn Cement stated a production volume for the Dongara plant of ██████████ (confidential production formation).

The Commission was able to verify this to their SAP reporting system which broke down production from the Dongara plant into each month.



### 6.3.2 Raw materials

#### *Dongara*

At the Dongara plant there is [REDACTED]  
[REDACTED] and the Commission is satisfied that these costs are accurate. Copies of these [REDACTED] are attached at **confidential attachment 9** (confidential company raw material cost information).

[REDACTED]  
[REDACTED] Cockburn Cement provided us with a summary of their costs for the final quarter of the 2015 year and the Commission was able to verify this cost down to specific monthly invoices. (confidential company raw material information)

#### *Munster*

Shell sand is dredged off the coast of Woodman's Point, around 6km from Cockburn Cement's operations in Munster. A [REDACTED]  
[REDACTED] and the Commission requested to verify these expenses for the final quarter of the 2015 year. Cockburn Cement was able to show the Commission specific invoices over the final quarter of the 2015 year for the costs to dredge shell sand and these reconcile with the amounts claimed in their Appendix A6.1 (confidential company raw material cost information).

### 6.3.3 Gas

The Commission was able to verify amounts for both [REDACTED]  
[REDACTED]  
[REDACTED] The Commission was able to verify this to an invoice showing that this fee is paid to [REDACTED] Copies of the [REDACTED] extracts provided by Cockburn Cement are attached at **confidential attachment 11**. (confidential company information)

### 6.3.4 Depreciation

[REDACTED]  
[REDACTED] Cockburn Cement was also able to provide a list of their assets for which depreciation was claimed, which is attached at **confidential attachment 12**. The depreciation amounts calculated in the assets register reconciles with the amount in the [REDACTED] (confidential company information)

### **6.3.5 Accuracy of production costs - conclusion**

Having regard to all of the above we consider the production cost data provided is a reasonably accurate account of the actual costs to manufacture quicklime during the period from 1 January 2015 to 31 December 2015.

## **6.4 Verification of selling, distribution and administration costs to source documents**

To assess selling, distribution and administration costs data for accuracy, verification to source documents was undertaken. Cockburn Cement was able to demonstrate how their selling, administration and other costs were allocated using the proportion of quicklime sales volume to Cockburn Cement's total sales of all products.

### **6.4.1 Accuracy of selling, distribution and administration costs - conclusion**

Having regard to all of the above we consider the selling, distribution and administration cost data provided is a reasonably accurate account of the actual costs to sell quicklime during the period from 1 January 2015 to 31 December 2015.

## **6.5 Costs to make and sell – conclusion**

We consider that Cockburn Cement's cost to make and sell data in Appendix A6, is a reasonably complete, relevant and accurate reflection of the actual costs to manufacture and sell quicklime during the period from 1 January 2015 to 31 December 2015.

Accordingly, we consider the Cockburn Cement cost to make and sell data in Appendix A6 are suitable for analysing the economic performance of its quicklime operations from 1 January 2015 to 31 December 2015.

## 7 ECONOMIC CONDITION

### 7.1 Applicant's injury claims

In their application Cockburn Cement claimed injury in the form of:

- Lost sales volume;
- Reduced market share;
- Price depression;
- Price suppression;
- Loss of profits;
- Loss of profitability;
- Decreased capacity utilisation; and
- Decrease in employment.

During the visit, Cockburn Cement reaffirmed the above forms of injury (summarised in both their application and in Consideration Report 348) and added further detail to some.

#### *Decreased capacity utilisation*

Cockburn Cement noted the decreased capacity utilisation in the Dongara plant, with total production in 2015 being just under [REDACTED] when the total capacity is [REDACTED]. The Commission queried if the Dongara plant were to close (as claimed may happen if demand and production continues to decrease) whether the Munster plant would be able to produce the [REDACTED]. Cockburn Cement stated that although the Munster plant does have the capacity to produce [REDACTED]

[REDACTED] (confidential company cost and supply information)

#### *Employment numbers*

In their application, Cockburn Cement stated that they had reduced employees (and hence wage expenses) in order to reduce total production costs to remain competitive against offers for imported quicklime. [REDACTED]

[REDACTED] (confidential company information). Cockburn Cement then sent the Commission a revised set of their cost data indicating that the number of employees in relation to quicklime had remained relatively constant going back to 2012. The Commission noted that given this revised information, the impact on employee numbers as a form of injury was minimal.

Cockburn Cement also touched on the following forms of injury, in support of their application and as outlined in Consideration Report 348.

### *Loss of Volume*

Cockburn Cement reiterated its claims that it has experienced a loss of sales volume due to the increase of allegedly dumped imports from Malaysia, Thailand and Vietnam. More specifically, Cockburn Cement claim that material injury has been suffered in the non-alumina market. Sales into this market are not on a long-term basis thus are more susceptible to the impact from allegedly dumped imports. Cockburn Cement claim that their sales into the non-alumina market have reduced since the 2012 year as a result of the allegedly dumped imports.

### *Market share*

Cockburn Cement reiterated its claim that it has lost market share over the injury analysis period to imports from Malaysia, Thailand and Vietnam. Similar to the loss of volume, Cockburn Cement claim that the impact of the allegedly dumped imports is suffered in the non-alumina sector where Cockburn Cement's market share is decreasing each year. A conclusion on market share will be made following analysis of data gathered from the other Australian industry manufacturers and the importers of the goods.

### *Price Depression & Price Suppression*

Cockburn Cement claimed that the impact of the allegedly dumped imports was suffered in the non-alumina market. Selling prices in this market are not subject to long-term contracts and Cockburn Cement claimed that over the course of the injury analysis period they have had to reduce unit prices to compete with the imports. Cockburn Cement also reiterated their view that unit costs to make and sell quicklime increased over the injury analysis period and they were not able to increase prices over the same period.

### *Profit*

Cockburn Cement reiterated their claims that the non-alumina market is where they have experienced material injury. The Dongara plant, which specifically provides quicklime for non-alumina applications, has experienced a considerable decline in profitability over the injury analysis period, primarily due to reduced production leading to an increase in costs. Cockburn Cement claims it has suffered price suppression due to the presence of allegedly dumped imports in the market.

## 8 CAUSAL LINK

We discussed with Cockburn Cement whether the alleged dumping of imported quicklime can be demonstrated to be causing material injury to the Australian industry.

Cockburn Cement address the specific point of price undercutting as a causation factor. Cockburn Cement provided the Commission with specific examples of where their prices had been undercut by the allegedly dumped imports. These examples were listed in the confidential form of their application and at the visit Cockburn Cement provided documents highlighting the period of negotiation and the ultimate loss of contract to the allegedly dumped imports. These examples range from 2011 through to 2015 and in total amount to approximately [REDACTED] (confidential company information). These documents are attached at **confidential attachment 13**.

Cockburn Cement did not add any further information to the discussion of causation, thus the Commission will continue to rely on the evidence presented in Consideration Report 348, and other information gathered throughout the investigation.



## 9 UNSUPPRESSED SELLING PRICE

Unsuppressed selling price and non-injurious price issues are examined at an early stage of an investigation and where possible and appropriate, calculations are made during the consideration phase for the purpose of assessing injury and causal link and therefore the appearance of reasonable grounds for the publication of a dumping duty notice.

The Commission generally derives the non-injurious price by first establishing a price at which the applicant might reasonably sell its product in a market unaffected by dumping. This price is referred to as the unsuppressed selling price.

The Commission's preferred approach to establishing unsuppressed selling prices observes the following hierarchy:

- industry selling prices at a time unaffected by dumping;
- constructed industry prices – industry cost to make and sell plus profit; or
- selling prices of un-dumped imports.

Having calculated the unsuppressed selling price, the Commission then calculates a non-injurious price by deducting the costs incurred in getting the goods from the export free-on-board point (or another point if appropriate) to the relevant level of trade in Australia. The deductions normally include overseas freight, insurance, into-store costs and amounts of importer expenses and profit.

Cockburn Cement advised that it will provide a further submission on the USP and injury in due course.

## 10 APPENDICES AND ATTACHMENTS

<b>Confidential Attachment 1</b>	Invoice to [REDACTED] dated [REDACTED]
<b>Confidential Attachment 2</b>	Estimate of size of Australian market
<b>Confidential Attachment 3</b>	Sales Listing for Investigation Period
<b>Confidential Attachment 4</b>	Identification of greater freight costs in certain sales
<b>Confidential Attachment 5</b>	Documents evidencing sales process through [REDACTED] to profit and loss statement
<b>Confidential Attachment 6</b>	Source documents for selected sales
<b>Confidential Attachment 7</b>	[REDACTED] statement evidencing total costs of production of quicklime from Dongara
<b>Confidential Attachment 8</b>	[REDACTED] statement evidencing total costs of production of quicklime from Munster
<b>Confidential Attachment 9</b>	Lease Agreements for Dongara plant
<b>Confidential Attachment 10</b>	Extract for quarrying of sand at Dongara
<b>Confidential Attachment 11</b>	[REDACTED] extracts relating to energy at Munster
<b>Confidential Attachment 12</b>	List of depreciable assets
<b>Confidential Attachment 13</b>	Evidence of price undercutting