

22 December 2017

The Director  
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Anti-Dumping Commission  
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**Public File**

Dear Sir/Madam

**Investigation No. 442 - Aluminium extrusions exported from P R China and Thailand – Exporter Briefing Schimmer Metal Standard Co Ltd**

I. Background

Schimmer Metal Standard Co., Ltd (“SMS”) is a manufacturer and exporter of aluminium extrusions from Thailand. SMS has been in operation for over a decade and operates a 40,000 square metre facility that includes a die shop, horizontal anodizing plant, fully automatic powder coating line and a fluorocarbon coating plant.

Capral Limited (“Capral”) seeks to assist the Anti-Dumping Commission (“the Commission”) with its planned exporter verification visit to SMS, with particular relevant information as detailed below.

II. SMS exporter questionnaire response

Capral has reviewed SMS’ exporter questionnaire response (“EQR”) and submission dated 7 December 2017<sup>1</sup>. SMS supplied mill finish, powder coated and anodised aluminium extrusions to Australia during the investigation period. The goods exported were generally used in the applications of architectural and light industrial applications.

SMS does not sell domestically through an agent or distributors. The goods are sold direct to wholesalers and to end-users. For export sales to Australia, SMS sells to wholesalers and end-users also.

SMS claims that for domestic sales, the selling prices to wholesalers are “more competitive selling price” than the selling prices to fabricators. SMS further states:

*“Sales department negotiate the selling price and payment term with customer based on LME price plus conversion cost”.*

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<sup>1</sup> EPR document No. 19.

The SMS EQR does not confirm that the company bases its selling price on LME plus, Major Japanese Port "MJP" Premium or an alloy premium, as has been established in recent investigations involving aluminium extrusions. It may be that the MJP and alloy premiums are included in the generic "LME" description, however, the Commission is requested to establish that the premiums are included in SMS' raw material purchase price for aluminium.

Capral notes that SMS purchases aluminium billet from unrelated third parties. The Commission is requested to examine whether the purchase price for the aluminium ingot is consistent with the prevailing LME price (at the time of purchase) and whether the MJP and alloy premiums have been correctly accounted for.

SMS' EQR states that its domestic packing cost includes film, paper wrap, foam interleave, timber case. The EQR does not mention whether stillages are used in sales for export, however, this is typically the case to protect the goods during shipment. Capral anticipates that SMS' packing costs for export sales would be higher than for the domestic market due to the cost associated with stillages used in export containers.

### III. SMS submission

The SMS submission is consistent with the SMS EQR in that it states it determines domestic selling prices based upon "LME and conversion costs". Again, no reference is made to MJP or alloy premiums.

The submission further states that SMS "always imposes its selling price by certain pricing method (LME + Conversion Cost + Packing and Shipping Cost). This is apparently for export sales (due to inclusion of shipping cost). SMS' comments do not state that it takes account of its domestic selling prices but, rather, that export prices are "in line with the local and normal price".

Capral does not consider that SMS' comments can be interpreted such that SMS is not dumping.

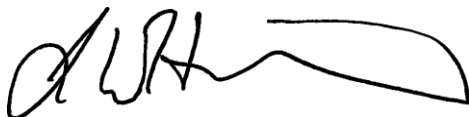
### IV. Conclusions

The matters for consideration by the Commission during the SMS verification include (but not limited to) the following:

- SMS is a supplier of aluminium extrusions in mill finish, powder coated and anodized form and sells these finishes on domestic and export markets
  - It should therefore be possible for the Commission to reliably model match for SMS' domestic and export sales;
- SMS prices its goods on the basis of LME plus conversion, packing and freight. No reference is made to MJP or alloy premiums;
- SMS has indicated its packing for domestic and export are similar, however, no reference is made to the use of stillages (stillage costs were highlighted in Investigation No. 362);
- It cannot be concluded from SMS' EQR and submission that the exporter is not dumping in Australia, as it has omitted certain relevant costs in its raw material cost methodology; and
- The Commission should examine SMS' raw material aluminium costs as being consistent with prevailing LME costs at the time of production.

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

Yours sincerely





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