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3 August 2012

Mr John Bracic
Director, Operations 1
International Trade Remedies Branch
Australian Customs and Border Protection Service
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

Dear Mr Bracic

Public File

**Investigation into the dumping of PVC Resin exported from Korea (Investigation No. 187) –
Comments re LG Chem Exporter Visit Report and submission on behalf of LG Chem. Ltd of 24
July 2012**

I refer to the above-mentioned documents recently placed on the public file.

1. LG Chem Exporter Visit Report

Australian Vinyls Corporation Pty Ltd ("AVC") notes that Customs and Border Protection has determined normal values for LG Chem on the basis of domestic selling prices on the Korean domestic market that were sold in the ordinary course of trade. It is not clear from the Public File version of the LG Chem Exporter visit Report as to what percentage of LG Chem's domestic sales were in the ordinary course of trade, however, a sufficient volume of profitable domestic sales were available for normal value purposes.

Packing costs

AVC acknowledges the adjustments made to LG Chem's normal value for domestic packing costs and export packing costs. AVC requests Customs and Border Protection to ensure that the packing adjustments made are appropriate to the characteristics of sales sold on either market.

Duty Drawback

LG Chem sought an adjustment to normal value for duty drawback on certain imported raw materials. Customs and Border Protection obtained information from LG Chem on "*the amount of imported materials and the amount of duty paid and the amount of duty refunded following applications for a drawback of those duties*". Customs and Border Protection granted LG Chem a downward adjustment to normal value for duty drawback being for an amount "*that can be properly linked to the production of domestic PVC is the residual amount of non-refunded duties.*"

It is AVC's understanding that LG Chem imports some EDC for conversion to VCM. This is due to the relative higher-cost alternative of producing EDC from naphtha. As the integrated facilities of Yeosu and Daesan manufacture a range of products, it is imperative that Customs and Border Protection is able to track the use of the imported EDC into the production of VCM and subsequently

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PVC that is destined for export to Australia. It is not sufficient to assume that the imported EDCs used in the manufacture of VCM and then into PVC for export to Australia, as it considered that this is the least likely outcome for the Imported EDC.

AVC welcomes Customs and Border Protection's position of not accepting LG Chem's claim for a "notional" adjustment for duty drawback based upon non-refunded duty. However, it is not clear what is meant by the "residual amount" of non-refunded duty. AVC is concerned that only the duty drawback that is received by LG Chem relevant to the investigation period is apportioned to LG Chem's domestic sales. If this reflects the "residual amount" then an appropriate allocation has been made.

2. Submission by LG Chem dated 24 July 2012

The submission on behalf of LG Chem has requested that the investigation into exports of PVC by LG Chem be terminated. AVC rejects the claims of LG Chem that at the time of the PAD Customs and Border Protection had not taken account of LG Chem's submission of 3 July 2012. AVC understands that Customs and Border Protection was in receipt of LG Chem's exporter questionnaire response and was adequately positioned to publish PAD No. 187.

AVC rejects the suggestions of LG Chem that the PAD was based upon nothing more than "coincidental presence" of LG Chem's PVC exports on the Australian market. AVC had demonstrated to Customs and Border Protection of the price-impact of the LG Chem exports that had undercut AVC's selling prices and caused it to reduce its selling prices. LG Chem's assertions are inaccurate and non-reflective of the pricing behaviour that occurred throughout the investigation period.

AVC refers Customs and Border Protection to its submission of 13 July 2012 where it outlined the impact of LG Chem's 22,000 tonnes of exported PVC during 2011 at dumped prices and, how the dumped prices suppressed AVC's selling prices, resulting in loss of profit and profitability. AVC does not detract from its earlier submission and also points to its comments in the AVC Industry Visit Report where further impacts were being felt by AVC through loss of production in December 2011 and January 2012, due to the increased export volumes from LG Chem in 2011.

AVC further challenges LG Chem's claims concerning causal link and contends that the information provided by AVC confirms that LG Chem's exports undercut the local industry's prices and, that the price undercutting contributed to lost sales volumes – particularly at a large volume customer.

A further consideration that must be taken into account by Customs and Border Protection involves the rapid increase in export sales by LG Chem following the expiration of measures on PVC exported from Korea to Australia in March 2010. Prior to the expiry of the measures, Korean exports to Australia were only minor (i.e. negligible). In 2011, LG Chem's export volume to Australia accounted for more than 25 per cent of all PVC imports into Australia (and approximately 12 per cent market share). The emergence of an exporter into a market where it captures a large share of the market in a very short period of time (less than two years) confirms that the prices of the dumped exports were injurious to the incumbent supplier(s).

The assertions made on behalf of LG Chem that it's exports have not caused material injury to AVC must not be accepted by Customs and Border Protection. LG Chem's PVC exports at dumped prices have undercut AVC's selling prices, causing price depression and price suppression and a loss of profit and profitability during the investigation period. Customs and Border Protection has correctly identified that LG Chem's exports of PVC to Australia have caused material injury to the Australian Industry and that anti-dumping measures are required to remove the threat of further material injury from the dumped exports.

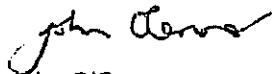
AVC requests that Customs and Border Protection maintain the provisional measures in place (as imposed by PAD 187). It is AVC's view that the injury caused by LG Chem's PVC exports at dumped prices have caused material injury and that the available evidence supports a preliminary

recommendation to the Minister that anti-dumping measures are warranted to remove the threat of further injurious dumping by LG Chem.

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If you have any questions concerning this submission, please do not hesitate to contact me on (07) 3342 1921.

Yours sincerely



John O'Connor
Director

Cc: Mr Peter Flinn
Manager – Sales & Marketing
Australian Vinyls Corporation Limited