

**LG Chem's Rebuttal on Statement of Essential Facts  
regarding the Australian PVC Anti-dumping Investigation**

LG Chem  
September 3<sup>rd</sup>, 2012

**I. LG Chem's Rebuttal about Injury decision**

1. Cost Comparison

LG Chem ("LGC") requests the cost comparison of the two companies because it is certain that the cost of LGC is lower than that of AVC in which all the raw materials, VCM were purchased from other companies. If the cost of LGC is lower than AVC, the injury AVC insists does not exist. It is nothing to do with export sales of LGC but a lack of competitiveness at AVC.

2. Asia Region Price

The Australian Customs recognizes that the domestic prices at Australia are largely influenced by the prices of Asia region. Thus, the export prices of LGC did not affect to the decrease in domestic prices during [CONFIDENTIAL INFORMATION DELETED].

LGC could follow up the downturn of the market trend due to the lower cost. However, AVC could not follow the trend because its cost is higher and it kept making the loss. The injury AVC insists has occurred by the competitiveness of cost not the export sales of LGC.

3. The interest of related domestic industries in Australia

AVC cannot meet all supply of domestic market at Australia, thus, the imports are necessary [CONFIDENTIAL INFORMATION DELETED – INFORMATION REGARDING PRODUCT DIFFERENTIATION]. Australia is not a main exporting area of LGC and LGC fully respects the sales policy of AVC. And LGC is planning to export a certain quantity that is necessary in Australia.

The antidumping investigation should be reconsidered in order to protect the interests of related domestic industries in Australia and domestic market situation that certain volume of imports are essential.

4. Import Price comparison with other countries

**Weighted Average import prices per MT and average Asian spot price per MT**

[CONFIDENTIAL INFORMATION DELETED]

The import prices above are the most reliable data in that LGC gathered from ABS. As seen above, [CONFIDENTIAL INFORMATION DELETED – PRICING INFORMATION], the prices of LGC and LGI are the highest comparing to other prices from Thailand and Asian.

The downturn of AVC prices during [CONFIDENTIAL INFORMATION DELETED – PRICING INFORMATION] was caused by downturn of International circumstance (Asian spot price). Even if the prices were affected by import prices, it was that of other countries not that of LGC.

LGC's exporting goods are sold in the highest prices among the other countries such as Thailand and Asia regions. Therefore, the investigation against LGC should be withdrawn and there was no evidence found that LGC dumped the goods in Australia.

**II. LG Chem's Rebuttal about Dumping Margin Calculation**

**1. Duty Drawback**

LGC suggests [CONFIDENTIAL INFORMATION DELETED] as a duty drawback that should be added to the exporting price.

This methodology, in accordance with the "Fair Comparison" of WTO Anti-dumping Agreement, is recognized in most countries including [CONFIDENTIAL INFORMATION DELETED].

Furthermore, duty drawback is the most considerable fact when salesman determines the exporting prices not for domestic prices, thus the difference of the prices has been caused. Once again, the duty drawback should be applied to the exporting prices fully.

Nonetheless, the Australian Customs Service did not apply this method and subtract the amount from domestic prices so as [CONFIDENTIAL INFORMATION DELETED] applied.

LGC strongly requests to Australian Customs Service to accept the opinions of LGC which is accordance with WTO Anti-dumping Agreement.

**2. Profits of LG International**

The Australian Customs subtracts the profits of [CONFIDENTIAL INFORMATION DELETED] which is based on the income statement of LG International (LGI).

Total company sales amount of LGI is [CONFIDENTIAL INFORMATION DELETED] but the exporting value of subject merchandise to Australia is only [CONFIDENTIAL INFORMATION DELETED] during the investigation period. It is just [CONFIDENTIAL INFORMATION DELETED] comparing with total sales.

Using total company operating profit ratio for calculating that of subject merchandise is unfair because it is never the representative of subject merchandise. The other products of LGI are uncountable.

Most of operating profit was from the department of Resource/Material of which main business is exploiting natural resources (Crude oil/Gas, Coal, and Plant). Its profit ratio was [CONFIDENTIAL INFORMATION DELETED]. The operating profit ratio of Industrial goods 2 which sells Resin/Emulsion, Steel, Machinery

FOI 873

including subject merchandise was [CONFIDENTIAL INFORMATION DELETED].

The evidence is Note 3. Segment information of LGI Audit report (Attachment A-11 in original response).

Subject merchandise sales are a very small portion of LGI and "Industrial goods 2" segment as well.

Hence, the profit margin should be applied based on the operating profit margin of submitted data. The profit margin of subject merchandise at LGI is [CONFIDENTIAL INFORMATION DELETED] calculated based on the submitted data.

The reason of [CONFIDENTIAL INFORMATION DELETED] is below:

[CONFIDENTIAL INFORMATION DELETED – CALCULATION OF PROFIT MARGIN]

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LG Chemistry strongly requests to apply historical profit, the actual profit related to the subject merchandise, and subtract it from the exporting prices according to the regulation of Australian anti-dumping.

However, this method is against the historical profits of Anti-dumping laws and regulation at Australia. And Moreover this measure is regarded as a sort of fact available (FA).

FA regulation should be applied at a strict condition. i.e. only when LG Chem didn't cooperate or there is no any reasonable data during the submitted data from LG Chem.

### 3. Ordinary course of trade test

The Australian Customs had notified the change of the cost test methodology only three days before SEF publication date.

Due to the change of the cost test, the sales volume less than **[CONFIDENTIAL INFORMATION DELETED]** was suddenly increased to **[CONFIDENTIAL INFORMATION DELETED]**.

The Australian Customs Service did not consider LS100 as an identical product which has the same grade. Besides, the Australian Customs Service changed the cost test percentage performing the test by packing type.

However, the Australian Customs fully recognizes that the grade of PVC products is the main factor determining the cost and sales prices throughout the response and on-site verification. In addition, grade is the main point to compare the identical products. Therefore, Australian Customs compared the domestic and export prices regarding grade not the packing types.

Packing type is not the factor that determines the prices of goods. It is just request from the customer and it is also considered one of service types. The packing type does not determine the prices of goods.

**[CONFIDENTIAL INFORMATION DELETED – INFORMATION REGARDING PREVIOUS ANTI-DUMPING EXPERIENCES]**.

LGC fully supported to the Australian Customs Services by using all human resources to prove the fact that LGC did not dump the exporting goods submitting the response of questionnaire and having the on-site verification.

Nonetheless, the change of dumping margin calculation notified right before the publication date of SEF demonstrates that LGC's rights are ignored to insist the injustice of this methodology.

In addition, it is considered as the Australian Customs Service's intentional action in order to increase the dumping margin.

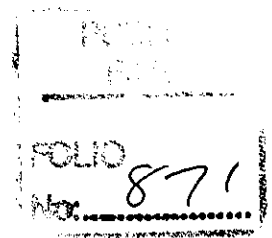
### 4. Conclusion

The three requests at LGC explained above result in the dumping margin effects such below;

Duty Drawback: **[CONFIDENTIAL INFORMATION DELETED]**

The profit margin at LG trading companies: **[CONFIDENTIAL INFORMATION DELETED]**

The cost test by packing type: **[CONFIDENTIAL INFORMATION DELETED]**



If the three requests are applied, the dumping margin effect is **[CONFIDENTIAL INFORMATION DELETED]**. Therefore, the dumping margin at LGC should be **[CONFIDENTIAL INFORMATION DELETED]** not 3.43% on SEF.

Once again, LGC insists to accept the three opinions and LGC were not dumping to Australia.