



Directorate General of Foreign Trade

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Ref. No. 40 DAGLU.6.3/SD/07/2016

Jakarta, 12 July 2016

Director Operations 1
Anti-Dumping Commission
Level 35, 55 Collins Street
MELBOURNE VIC 3000
AUSTRALIA

Re : Statement of Essential Facts No. 335 : Inquiry Concerning The Continuation of Anti-Dumping Measures Applying to Clear Float Glass (CFG) Exported from The People's Republic of China, Republic of Indonesia, and Kingdom of Thailand

Dear Sir/Madam,

Referring to the Statement of Essential Facts (SEF) No. 335 released by Australian Anti-Dumping Commission (Commission) on 28 June 2016 with respect to the above mentioned investigation, The Government of Indonesia (GOI) would like to express some of our concerns as follows:

1. At page 46 of the SEF, it is stated that "... *Viridian does not supplement its sales with imports, ...*". On the contrary, the Commission confirmed that Viridian did import at page 12 of the Viridian verification report by stating "*Since the imposition of measures on 17 October 2011, Viridian has imported CFG in 2011 and 2012; however, the volumes imported are less than 0.1% of total imports respectively*".

Viridian does import clear float glass (CFG). We refer to news stated in CSR Limited (CSR) website dated 11 March 2013 (attached copy)¹ and in the application for the continuation of a dumping and/or countervailing notice or continuation of an undertaking, page 12, in which Viridian confirmed the closure of float and laminating glass manufacturing facility at Ingleburn in New South Wales and stated that the majority of volume previously supplied from Ingleburn will in future be supplied by Viridian's Dandenong facility in Victoria and supplemented by imported supply from strategic partners. Viridian admitted that its capacity no longer can supply the demands of the market and need to commence imports to meet the demand from their own glass processing plants.

Indonesia's exporter has direct evidence of this as this company is a supplier to the Viridian Glass Processing plants in New Zealand. Based on this fact, any continuation of the anti-dumping measures while the sole producers of CFG can not supply the demands of the market including their own glass processing plants, will create an unfair advantage against both the imports and the non Viridian Glass Processors in Australia.

¹ CSR Limited (CSR), *News Releases*, <http://www.csr.com.au/investor-centre-and-news/news-releases/pages/restructure-of-viridian-glass-operations-and-trading-update.aspx>.

In addition, Figure 4 and 5 of the SEF shows that exporters not subject to the measures have significantly gained market share after the anti-dumping duty was imposed on 17 October 2011. The continuation of the anti-dumping duty will only lead to higher volume of imports from countries not subject to the measures to meet the increasing domestic demand while certainly give no effect to improve Viridian's market share.

2. SEF acknowledges at section 5.4: Demand for CFG that *"Viridian advised that [projects such as apartments or office buildings] tend to be supplied by imports; although the finished windows are not the goods, the subject of this inquiry, they have nevertheless been manufactured from CFG. The volume of imported finished products (such as windows for office and apartment buildings) impact on demand for Viridian's own production of CFG from its related customers."*

It is crystal clear that the real problem faced by the Australian Glass Industry is not the price of imported CFG but the surge import of finished products. Based on Indonesian producers' surveys, at least 40% of the projects in Australia use Chinese finished products which has resulted in a serious negative effect to the Australian domestic glass processors. The detrimental effect of high importation of Chinese finished products can be seen in the declining number of the domestic laminate manufacturers, leaving only Viridian and few others still operating.

The continuation of anti-dumping duty for CFG is only adding cost for the imported raw material and will do nothing to improve the Australian Glass Processor's ability to be able to compete with the Chinese finished products. It will harm the downstream manufacturing in Australia while on the other hand provide an unfair advantage to Viridian over other independent glass processors. Therefore, we would respectfully suggest that the Commission will consider this fact as Indonesian producers are providing the raw materials which continues to support the Australian Glass Processing Industry.

3. It is stated on page 10 of CSR Annual Report 2015² that *"Viridian recorded a positive EBIT of \$3.1 million up from the EBIT loss of \$14.9 million in the prior year. The return to profitability is ahead of schedule following restructuring initiatives launched in March 2013 which included improved utilisation of the float glass manufacturing facility at Dandenong in Victoria and the closure of some underperforming sites."* We also refer to Figure 10 of the SEF that Viridian's per unit cost to make and sell (CTMS) was improved since the end of 2013 following the decommissioned of Ingleburn manufacturing plant. Section 6.3.4 of the SEF also gives explanation regarding the improvement in per unit CTMS as the fixed cost has been reduced after that closure. Given the fact that Viridian's sales volumes have been generally flat since the imposition of measures, the increase of it's profit is mainly due to the improvement of cost management, not because of the anti-dumping duty.

² CSR Limited (CSR), *Annual Report 2015*, <http://www.csr.com.au/~media/corporate/files/annual-reports/2015-annual-report-for-31-march-2015.ashx>, p 10.

The relevant economic factor has also shown a positive trend and the injury would be likely not to continue or recur. Hence, any continuation of this measures can be considered as a sign of over protectionism by Australian Government.

4. Indonesia's exporters have both stable volumes and pricing over the past 10 years. The Commission was not able to demonstrate that there is excess capacity in the Indonesia's domestic production that will be an indicator of import acceleration of the subject products from Indonesia to Australia should the measures expired. Therefore, it is obvious that there is no valid reason to continue the imposition of anti-dumping duty for Indonesia.

Based on the above comments and arguments, the GOI would respectfully request the Commission **not to extend the imposition of anti-dumping duty on import of Clear Float Glass from Indonesia beyond five years of its current application.** The GOI is seriously concerned with the current investigation and will continue to observe its progress as well as to ensure its full compliance with the WTO Anti-Dumping Agreement.

The GOI appreciates the cooperation of the Commission and looks forward to receiving a favorable response at your earliest convenience.

Thank you.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Pradnyawati', with a stylized flourish at the end.

Pradnyawati
Director of Trade Defense

Cc:

1. Acting Director General of Foreign Trade, MoT;
2. Ambassador of the Republic of Indonesia in Canberra;
3. Secretary of DG of Foreign Trade, MoT;
4. Commercial Attache in Canberra.