

4 November 2016

Mr Gavin Crooks  
Assistant Director - Investigations  
Operations 3  
Anti-Dumping Commission  
GPO Box 1632  
Melbourne Victoria 3001

Email: [gavin.crooks@adcommission.gov.au](mailto:gavin.crooks@adcommission.gov.au)

## Public File

Dear Mr Crooks

### **Aluminium Extrusions exported from Malaysia and Vietnam (Investigation No. 362) Capral comments re Exporter Questionnaire Responses (EQRs)**

#### I. Introduction

I refer to Exporter Questionnaire Responses (“EQRs”) recently placed on the public file. Capral Limited (“Capral”) takes this opportunity to address matters contained in EQRs relevant to the consideration of normal values and dumping margins for the cooperative exporters.

#### II. Malaysia

Completed EQRs have been received from Press Metal Berhad (“PMB”), LB Aluminium Berhad (“LBA”), Genesis Aluminium Industries Sdn Bhd (“Genesis”), Superb Aluminium Industries SDN BHD (“Superb”), Milleon Extruder Sdn Bhd (“Milleon”), and Kamco Aluminium Sdn Bhd. Exporter verification visits are to be conducted with PMB and LBA.

The EQRs confirm that there exists certain cost differences between aluminium extrusions sold domestically and for export. Capral is not privy to the detail of models sold domestically and whether these are identical or similar to the exported goods. Capral understands the cost differences relate to the billet grade(s) in the aluminium extrusions, as well as the finish – e.g mill finish, anodized, powder-coated. Due allowance may be required to account for physical differences in the goods sold in the domestic market to align with goods sold for export.

Capral has highlighted with the Commission the additional costs associated with packaging aluminium extrusions for export to ensure goods are not damaged in transport. Capral anticipates that the Anti-Dumping Commission (“the Commission”) will confirm a higher packaging cost for goods destined for export when compared with the packaging costs for the exported goods.

Additionally, the EQRs of certain exporters confirm that the Government of Malaysia (“GoM”) has provided countervailable benefits in the form of Pioneer Status and Investment Tax Allowance initiatives. It is Capral’s expectation that where the Commission is able to identify benefits flowing from one or more of the subsidy programs that the Commission will quantify the impact for the relevant exporter and its the goods exported to Australia.

### III. Vietnam

The Commission received EQRs from East Asia Aluminium Co., Ltd (“EAA”), Mien Hua Precision Co., Ltd (“Mien Hua”) and LIXIL Global Manufacturing Vietnam (“LIXIL”). LIXIL’s response was deemed inadequate and hence the exporter is considered uncooperative. The Commission wrote to Mien Hua advising that the EQR was unsatisfactory and it too was to be treated as uncooperative.

The Commission has determined EAA as cooperative and will conduct a verification visit with the exporter.

Capral has the following comments to make in respect of EAA’s EQR.

It is noted that EAA arranges for a logistics company to transport the exported goods to the FOB point from EAA’s manufacturing facility. An upward adjustment to EAA’s normal value will therefore be required for this inland transportation charge.

At Section D-1 of EAA’s EQR it is indicated that the company does not provide any discounts to “retailers or end-users”. It would appear, however, that distributors may receive a discount (or rebate).

The packaging of aluminium extrusions for export attracts a premium when contrasted for packaging for domestic sale (irrespective of market). EAA states at Section E-1.4 that EAA does “not keep separate records of packing cost for export and domestic sales”. EAA further states “total packaging cost is allocated equally to total production quantity during POI”. Capral requests the Commission to determine relevant and actual costs associated with packaging for export versus domestic sales during the conduct of the verification visit with EAA. It is Capral’s view that the ready acceptance of equal packaging expenses for domestic and export sales will result in an under-stated normal value for EAA, and should not be permitted.

It is also noted by Capral that EAA may be eligible for duty drawback on imported aluminium billet for goods that are value-added and subsequently exported. Duty drawback adjustments must be based upon evidenced claims (and payments) that align importations, consumption and subsequent exportations of the imported raw material billet. EAA is open in stating that in the absence of a clear, traceable reconciliation of imported billet incorporated into exported aluminium extrusions, a claim for duty drawback must fail.

EAA confirms that it is a beneficiary of a reduced corporate income tax rate during the period of investigation. Capral also notes that EAA has received a reduction on land-tax paid in respect of its manufacturing operations. EAA has confirmed that there is an absence of any government-initiated record keeping for the reporting tax payable, other than what is included in EAA’s annual income tax return. It is not clear from EAA’s EQR whether the level of disclosure in EAA’s annual return will provide sufficient detail to permit the Commission to determine the extent of full benefits received under the income tax subsidy programs utilized by EAA.

EAA has also indicated that it has received preferential import tariffs in 2015 for imported equipment and machines used in the manufacture of aluminium extrusions. It is stated that the 2015 year was the “last year” when such benefits were derived. Capral requests the Commission to fully evidence the period over

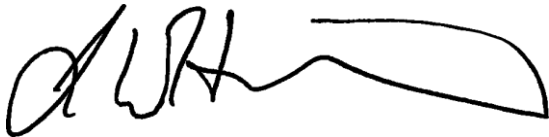
which benefits from the preferential import tariff programs have flowed to EAA and calculate relevant benefits during the POI.

IV. Conclusion

Capral highlights with the Commission that its treatment of domestic and export packaging costs incurred by exporters represent important adjustments to normal values in both Malaysia and Vietnam. Capral also draws to the attention of the Commission that benefits received by exporters (including duty drawback where applicable, and subsidies) may require the Commission to validate calculated amounts where responsibility rests with the exporter.

If you have any questions concerning this submission, 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

A handwritten signature in black ink, appearing to read 'L. Hawkins', with a long horizontal flourish extending to the right.

Luke Hawkins  
General Manager – Supply and Industrial Solutions