

3 April 2018

Mr Tim King
Investigations 3
Anti-Dumping Commission
Level 35
55 Collins Street
Melbourne Victoria 3000

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Public File

Dear Mr King

Investigation No. 442 - Aluminium extrusions exported from P R China and Thailand – Darley Aluminium Importer Visit Report

Capral Limited (“Capral”) has reviewed the Darley Aluminium Trading Pty Ltd (“Darley”) importer visit report recently placed on the electronic public record (“EPR”) (refer EPR Document No. 36).

The Darley report indicates that Darley initially provided the Anti-Dumping Commission (“the Commission”) with a sales listing that included goods other than the goods under consideration, and included insufficient detail for the purpose of the verification visit. Whilst Darley did amend the sales listing and provided further information, Capral questions whether the amended information was of a level of detail that would be normally required by the Commission.

It is further noted (at Section 2.3) that Darley is related to one of its customers. The Commission has confirmed that the sales to this customer were ‘not arm’s length sales’. It is further confirmed that the sales volumes were not material. Capral is concerned that the identified related party sales should be included in the export price calculations as they relate to the goods under consideration.

The Commission has identified two sales routes for goods imported by Darley – that is direct to customer and via a trader. The Commission has suggested that for sales via the trader, that as these sales do not transit via Darley’s distribution centres, a lower SG&A would apply. Capral disagrees. The sales made by Darley via the trader continue to involve the resources of Darley’s sales and marketing personnel; the only difference would involve the warehousing costs (and it is considered that some of the goods sold to the trader were via distribution centres).

Capral notes the comments of the verification team concerning the common relationship between Darley and the exporter, Guangdong Zhongya Aluminium Company Ltd (“Zhongya”). Capral considers the exporter and importer are related companies and that this relationship effects the export prices of Zhongya to Darley. It is Capral’s position that due to this relationship, the Commission should be calculating deductive export prices from Darley’s sales on the Australian market.

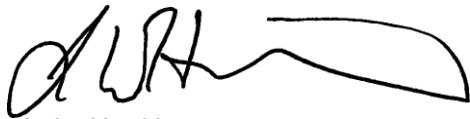
This position is further supported by the Commission’s findings at Section 3.7 of the Darley importer visit report. In the report it is confirmed that some individual sales by Darley are “unprofitable” and that this is due to “*the nature of the sale, the customer and the type of extrusion sold*”. This explanation does not afford the reader with any understanding as to the nature of the sales at a loss by Darley. For example, it

could be that Darley is selling its anodised aluminium extrusions at a loss, and that the margins on the higher-volume mill-finish goods compensates Darley and enables the Commission to form a view that "overall" Darley's sales are profitable. Alternatively, it could be that Darley was not dumping in the first quarter of the investigation period (which had its highest volume of imports for the period) and did export at dumped prices for the remainder of the period when LME prices continued to rise. The losses on the individual sales are of concern to Capral, as it is these sales that are impacting Capral (and other Australian members) in the marketplace.

Capral requests that the Commission fully investigates the relationship between the exporter Zhongya and the importer Darley and find that the two parties are related and that Zhongya's export prices to Darley are influenced by this relationship.

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 'LHAWKINS', with a long horizontal flourish extending to the right.

Luke Hawkins
General Manager – Supply and Industrial Solutions