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**Public File**

Dear Mr McGovern

**Investigation No. 392 – Impact of increased costs to produce since Review Investigation No. 248**

Capral Limited (“Capral”) seeks to highlight with the Anti-Dumping Commission (“the Commission”) that the last full review of country-wide measures applicable to aluminium extrusions exported to Australia from China was based upon an investigation period of 1 April 2013 to 31 March 2014.

The review period for Investigation No. 392 is the period 1 January 2016 to 31 December 2016.

There is an almost three-year period that has passed following the end of the investigation period in Review No. 248. Over this period, the Chinese economy has experienced continued growth, with the consumer price index (CPI) increasing each year. According to Inflation.eu the annualised inflation rates in China from 2014 to 2016 was as follows:

**Table 1 – China annual CPI<sup>1</sup>**

Year	Annual inflation
2014	1.41%
2015	1.62%
2016	1.99%

The aggregate approximate 5 per cent CPI increase following the investigation period in Review No. 248 would impact raw material input prices in China including electricity, transport fuels, labour, utilities and operating costs.

According to *Tradingeconomics*<sup>2</sup> the average Chinese wage in manufacturing increased from CNY55324 in 2015 to CNY59470 in 2016. This represents a 7.5 per cent increase in manufacturing wages in the Chinese manufacturing sector. The increase in the prior year was 7.7 per cent (Average wage in 2014 was CNY 51369). It is Capral’s expectation that the increased wages bill for Chinese aluminium extruders would be reflected in the 2016 manufacturing costs supplied by Chinese cooperative exporters. The Commission is requested to validate wages growth for aluminium extruders since the last review period.

<sup>1</sup> Inflation.eu Worldwide inflation data

<sup>2</sup> See [tradingeconomics.com/china/wages-in-manufacturing](http://tradingeconomics.com/china/wages-in-manufacturing)

Capral anticipates that the Commission would be cognisant of increasing production costs for Chinese producers of aluminium extrusions and that the financial records of the exporters would reflect higher manufacturing costs in Review investigation period No. 392 of 1 January 2016 to 31 December 2016 (when contrasted with the review period for Review Inquiry No. 248).

It would also be expected that the costs associated with the packaging of goods (domestic and export), freight and ancillary services would have similarly increased over the intervening period since the last complete review on all Chinese exporters of aluminium extrusions.

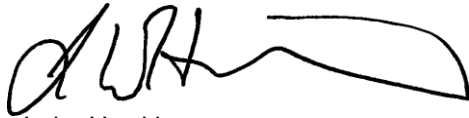
Apart from the general increase in costs associated with manufacturing aluminium extrusions in China, Capral notes that the Commission is aware that the purchased price for aluminium for producers in China must reflect the sum of:

- Aluminium at prevailing London Metal Exchange ("LME") cash rate; plus
- Billet premiums; plus
- Major Japanese Port ("MJP") premium that is applicable to all aluminium purchases in South East Asia, including Chinese manufacturers.

Finally, as identified in Investigation No. 362, exporters of aluminium extrusions typically incur higher costs for export packaging for aluminium extrusions that include steel trolleys, wooden crates and inter leave paper.

If you have any questions concerning this letter, 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



Luke Hawkins  
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