

16 April 2018

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

Email: investigations3@adcommission.gov.au

Public File Version

Dear Mr King

Investigation No. 442 – Aluminium Extrusions exported from P R China and Thailand – Proposed USP, Non-injurious FOB price and Form of Measures

I. Introduction

I refer to the Anti-Dumping Commission's ("the Commission") investigation into the dumping of aluminium extrusions from China by Guangdong Jiangsheng Aluminium Co., Ltd ("Jiangsheng") and Guangdong Zhongya Aluminium Co., Ltd ("Zhongya"), and from all exporters in Thailand.

Capral Limited ("Capral") seeks to provide the Commission with its view as to a recommended unsuppressed selling price ("USP") from which a non-injurious price ("NIP") for the exporters may be determined, and the appropriate form of measures to be recommended where it is established that dumping, material injury and causal link have been established.

II. USP and NIP

The Commission will determine a NIP in accordance with subsections 269TACA(a) and 269TACA(c) as the minimum price necessary to prevent injury, or a recurrence of injury, caused by the dumped goods.

The Commission will derive the NIP by first establishing a price at which the Australian industry might reasonably sell its goods in a market unaffected by dumping (i.e. an unsuppressed selling price). The Commission follows a preferred approach in establishing a USP (refer Chapter 23 of Dumping and Subsidy manual) that includes the following hierarchy:

- Industry selling prices at a time unaffected by dumping;
- Constructed industry prices – industry CTMS plus profit; or
- Selling prices of un-dumped imports.

Once a USP is determined, the Commission then calculates a NIP by deducting the costs incurred in transporting the goods from the export FOB point (or another point if appropriate) to the relevant level of trade in Australia. The deductions to arrive at the NIP typically include overseas freight and insurance, into-store costs and amounts for importer expenses and profit.

There are exceptions to the determination of a USP and NIP under subsections 8(5BAAA) and 10(3DA) of the Dumping Duty Act that include:

- Where the normal value of the goods has not been ascertained under subsection 269TAC(1) because of the operation of subsection 269TAC(2)(a)(ii) where a 'market situation' applies;
- There is an Australian industry in respect of like goods that consists of at least two SMEs, whether or not that industry consists of other enterprises; or
- A countervailable subsidy has been received in respect of the goods and the country in relation to which the subsidy has been provided has not complied with Article 25 of the Agreement on Subsidies for the compliance period.

In the current investigation, the goods exported from China, will require normal values for the two Chinese exporters to be determined under subsection 269TAC(2)(a)(ii) as a particular market situation applies to aluminium extrusions sold in China. On this basis, the Assistant Minister will not be required to apply the lesser duty rule to dumping margins determined for the Chinese exporters Jiangsheng and Zhongya.

In respect of exports from Thailand, it has not been alleged by the Australian industry that a market situation applies in Thailand and hence normal values will not be determined under subsection 269TAC(2)(a)(ii). Similarly, it has not been alleged that aluminium extrusions produced in Thailand benefit from any government subsidies. In Report No. 362, the Commission was not satisfied that two or more SMEs could be identified manufacturing aluminium extrusions in Australia during 2015/16. In light of this, Capral considers that the Assistant Minister will likely have regard to the lesser duty rule for exports from Thailand. Due to the continued practice of dumping by exporters (whether from China, Malaysia, Vietnam or Thailand) over recent periods, Capral submits that the USP for the Australian industry be established on the basis of CTM&S in the investigation period, plus a level of profit that is considered reasonable to permit re-investment in the Australia industry over the longer-term.

III. Form of Measures

Anti-Dumping measures that currently apply to all exporters from China (with the exception of exports by Jiangsheng and Zhongya), certain uncooperative exporters in Malaysia and all exporters in Vietnam are based upon the combination form of measures (i.e. the combination of fixed and variable duty components).

In respect of the Interim Dumping Duty ("IDD") that may be applied by the Assistant Minister, the following forms of measures are available:

- Combination of fixed and variable duty method;
- Floor price duty method;
- Fixed duty method (\$ per tonne); and
- *Ad valorem* duty method (i.e. a percentage of the export price).

Capral considers that the most effective form of measures to be applied on the dumped exports from China and Thailand is that which applies to all exports of aluminium extrusions to Australia the subject of measures – that is, the combination method. This method ensures that the level of measures applied by the Assistant Minister is based upon the variable factors that applied during the investigation period and cannot be readily circumvented. Whilst Capral acknowledges that some importers may seek to circumvent or avoid the anti-dumping measures imposed, this does not detract from the combination method being the most effective method to ensuring the Australian industry does not continue to experience material injury from dumping.

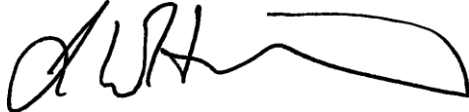
IV. Recommendations

Capral recommends that the NIP for goods exported from China by Jiangsheng and Zhongya be set at a level equal to the normal value due to the existence of a market situation for aluminium extrusions sold in China. In respect of exports from Thailand, it is recommended that the NIP be established having regard to the lesser duty rule.

Capral recommends that the appropriate and most effective form of measures to be applied to exports from China (i.e. Jiangsheng and Zhongya) and exporters from Thailand involves measures based upon the combination form (i.e. with fixed and variable components).

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