

18 July 2017

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#### **Public File**

Dear Mr McGovern

#### **Investigation No. 392 – Guangdong Jinxi Cheng Aluminium Manufacturing Co., Ltd – Exporter Visit Report**

I refer to the exporter verification report recently placed on the electronic public file (“EPR”) in Investigation No. 392 in respect of exports to Australia by Guangdong Jinxi Cheng Aluminium Manufacturing Co., Ltd (“Jinxi Cheng”).

Capral Limited (“Capral”) seeks to raise a number of matters with the Anti-Dumping Commission (“the Commission”) concerning the Jinxi Cheng Exporter Visit Report (“the Report”).

##### **1. Model matching**

The Report indicates that the Commission has determined normal values for Jinxi Cheng under s.269TAC(2)(c) on a constructed cost methodology. The Commission has used Jinxi Cheng’s cost to make the exported goods, plus selling, general and administrative (S,G&A) costs applicable to the goods sold domestically and an additional amount for profit.

Capral acknowledges that Jinxi Cheng’s normal values are correctly determined using the constructed cost methodology. However, it is not clear from the Report how the level of profit was determined for the exported models (i.e. mill finish, anodised, etc) and whether any average profit for the finishes was used by the Commission.

##### **2. Related parties**

The Report further indicates that the Commission “*did not identify any information that might suggest the traders involved in exports to Australia or the Australian customer were related to Jinxi Cheng*”. It is not clear from the Report what investigations were conducted by the Commission to establish the existence of any association or affiliation. Capral raised concerns with Customs and Border Protection in response to the Jinxi Cheng Exporter Verification Report in Inquiry No. 214<sup>1</sup> concerning Jinxi Cheng’s relationship with other companies, particularly Foshan Nanhai NewTime Trading Co., Ltd.

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<sup>1</sup> Letter on behalf of Capral dated 19 September 2013.

Capral remains concerned that the exporter's associations/affiliations have not been adequately investigated to ensure Jinxi Cheng's export prices to Australia are arms' length and not influenced by any related association.

3. Packaging

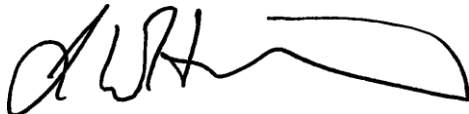
It is stated in the Report that "*Jinxi Cheng demonstrated to the verification team that there was no difference between export and domestic packaging that would warrant an adjustment to ensure a fair comparison.*"

Capral queries this assessment in light of the Commission's findings in Investigation No. 362 where it was established that most exporters in Malaysia and Vietnam differentiated domestic and export packaging costs, most notably for export sales that included the cost of stillages in containers. Capral requests the Commission to revisit the issue of export packaging for Jinxi Cheng's export sales to Australia.

The Jinxi Cheng Report is limited in the methodology utilised by the Commission to determine the level of profit to be applied to the exporter's normal value for each model of goods exported to Australia. Capral further queries whether the Commission adequately investigated whether any of the Chinese trading companies through which sales to Australia have been made were related to Jinxi Cheng. Capral also submits that following Investigation No. 362 it is typical for packaging costs for exported aluminium extrusions to reflect the cost of stillages to ensure the goods are not damaged during shipping. Capral requests the Commission to examine Jinxi Cheng's export packaging costs for the use of stillages and additional packaging (above that used for domestic sales).

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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