



25 February 2015

The Director
Operations 4
Anti-Dumping Commission
5 Constitution Avenue
Canberra ACT 2601

Review 248: Further submission on subsidies and costs

This submission is made on behalf of Capral Ltd, a member of the Australian aluminium extrusions industry, in relation to Review 248 of certain aluminium extrusions exported to Australia from China. We specifically refer to our previous submissions on countervailable subsidies and competitive market costs.¹ We also refer to the advice given to the Commission by the government of China (GOC) that it would not be responding to the government questionnaire,² and to the Commission's position paper concerning the proposed approach to countervailable subsidies in this review.³

Countervailable subsidies

We note from the position paper that, in light of the GOC's failure to respond to the government questionnaire, the Commission intends to assess whether new subsidy programs 44 to 61 confer a benefit in relation to aluminium extrusions exported from China to Australia and are specific, on the basis of all the facts available in accordance with s.269TAACA(1) of the Act. The Commission acknowledges information submitted by Australian industry as a possible source of available facts on which to base its findings.

On 19 June 2014 we submitted information on which the Commission's decision to investigate programs 44 to 61 is based. We further contend that this submission contains sufficient information in relation to each program that:

- a financial contribution has been received by exporters
- that financial contribution has conferred a benefit in relation to the aluminium extrusions exported to Australia, and
- the program is specific.

¹ Capral Limited submissions dated 19 June and 31 July 2014 (items no. 6 and 21 on the EPR)

² Correspondence from the GOC dated 16 September 2014 (item no. 37 on the EPR)

³ Position paper 2014/04 (item no. 44 on the EPR)

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No other party has submitted evidence to suggest that programs 44 to 61 are not countervailable subsidies.

In relation to the benchmarks that should be used to determine whether a benefit has been conferred under programs 44 to 46 and 59 to 61, we suggested the methodology that should be applied to determine those benchmarks in our 19 June 2014 submission. We also argued that use of in-country benchmarks for programs 44, 45, 60 and 61 are precluded due to the lack of fully competitive markets in China for interest rates, land, gas and oil respectively.

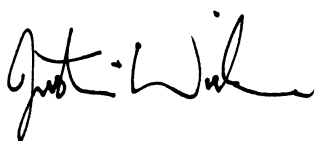
Further evidence in support of external benchmarks for programs 44, 45, 60 and 61 is contained in our 31 July 2014 submission in relation to competitive market costs. The evidence we have provided that the cost of interest on loans, land-use rights, natural gas and heavy oil are not competitive market costs, is also evidence that there are no appropriate internal benchmarks in China. We submit that the actual benchmarks suggested in our 31 July 2014 submission should also be used for the corresponding subsidy program as follows:

- Program 44: benchmark interest rates as per Attachment C to our 31 July 2014 submission
- Program 45: benchmark land price of USD 96.57 per square metre
- Program 60: benchmark natural gas price of USD 0.63 per cubic metre
- Program 61: benchmark heavy oil price of USD 0.91 per kilogram

In relation to programs 46 and 59, we suggested in our 19 June 2014 submission that electricity and water rates set by the GOC would be suitable in-country benchmarks. This is consistent with the approach taken by the US and EU in countervailing these programs. The GOC's failure to provide the Commission with its published rates should not preclude a positive finding in relation to these programs. We submit that the amount of countervailable subsidy received under these programs be determined in accordance with s.269TAACA(1) as an amount equivalent to the average of the subsidy margins for the other two energy/utilities programs, being programs 60 and 61.

Competitive market costs

The position paper covers the additional subsidy programs but is silent on the related claims, contained in our submission of 31 July 2014, that certain costs do not reasonably reflect competitive market costs. The GOC has not responded to the government questionnaire and no other party has submitted information to counter the evidence we have provided. We submit that this evidence is sufficient to support a finding that the costs referred to are not competitive market costs in terms of r.180(2)(b)(ii) of the *Customs Regulations 1926*.



Justin Wickes
Director