

14 December 2016

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Operations 3
Anti-Dumping Commission
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Public File

Dear Mr Crooks

Aluminium Extrusions exported from Malaysia and Vietnam (Investigation No. 362) – Exporter Verification Report – Press Metal Berhad

Introduction

Capral Limited (“Capral”) has examined the Exporter Verification Report (“the Report”) for Press Metal Berhad (“PMB”) recently placed on the public file.

The goods exported to Australia

The Anti-Dumping Commission (“the Commission”) conducted model matching criteria based upon the finish of product – mill, anodized, powder coated and bright dip. Whilst it is recognized that most aluminium extrusions sold for export to Australia would likely be standard models, it would be expected that some limited models would have required a minor specification adjustment(s) to account for differences between goods sold domestically and for export. There does not appear to have been any adjustments made to PMB’s normal values for specification differences.

Related party purchases

The Commission confirmed (Section 4.3 of Report) that PMB purchased in-house produced billet. PMB provided the Commission with the cost of raw materials used in the manufacture of the in-house produced billet. The Report indicates that the *“verification team examined the raw material cost inputs and compared these to market prices and the raw material purchases ledger. The verification team was satisfied that the cost of raw materials used to determine the billet costs was based on market prices for the purchase of those inputs and the finished billet cost, inclusive of relevant conversion costs, was comparable to the market price of billet.”*

The price of the inputs and whether they are representative of market prices, however, is not the issue. As PMB sourced its in-house billet internally, what is at issue is whether the transfer price for the in-house billet reflects all purchasing and conversion costs on a fully-absorbed basis. This issue requires clarification by the Commission.

Arm’s length sales

The Report indicates that PMB's normal values have been determined under subsection 269TAC(1) (for twelve models) and subsection 269TAC(2)(c) for a further twelve models. PMB's export sales to Australia (that included related party sales) were assessed as 'arms-length transactions'.

Capral recognizes that the PMB Report is based upon information verified at the exporter's premises. The Commission will, subsequent to the visit with PMB, examine whether the selling prices of the Australian importer, Press Metal Aluminium (Australia) Pty Ltd ("PMAA") were at a loss and whether any losses incurred were recovered within a reasonable period of time.

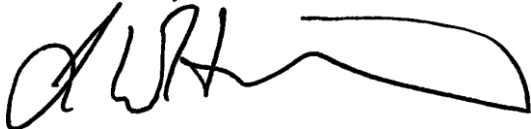
Capral highlights with the Commission its earlier submission dated 24 November 2016 that referred to recent [reports] for PMAA which demonstrated successive years of losses for PMB's related Australian importer in its dealings on the Australian market. Capral understands that PMAA has not altered its trading model in Australia in the period covered by the investigation (or subsequent) and that the losses of earlier years would have occurred in the 2015/16 investigation period.

Capral's submission further evidenced pricing offers by PMAA in Australia in the June quarter of 2016 that reflected extremely low selling prices for PMB supplied aluminium extrusions. Capral anticipates that for the purposes of the Statement of Essential Facts ("SEF"), PMAA's sales at a loss will be considered and export prices determined on a deductive basis will form the basis of comparison with PMB's normal values.

On this basis, Capral anticipates that PMB's dumping margins will be re-assessed at above negligible levels across the 2015/16 investigation period.

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

Luke Hawkins
General Manager – Supply and Industrial Solutions