



**Australian Government**  
**Anti-Dumping Commission**

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**REVIEW 392**

**A REVIEW OF ANTI-DUMPING MEASURES APPLYING TO  
ALUMINIUM EXTRUSIONS**

**EXPORTED TO AUSTRALIA FROM  
THE PEOPLE'S REPUBLIC OF CHINA**

**VERIFICATION VISIT REPORT - IMPORTER**

**PANASIA ALUMINIUM PTY LTD**

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN  
WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT  
THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION**

**July 2017**

# PUBLIC RECORD

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## **1 BACKGROUND**

### **1.1 This review**

On 23 March 2017, the Commissioner of the Anti-Dumping Commission (the Commissioner) initiated a review into the variable measures relating to aluminium extrusions exported to Australia from the People's Republic of China (China). Public notification of the initiation of the investigation was published on the Commission's website. The background relating to the initiation of this investigation is contained in Consideration Report 392.

Following the initiation, the Anti-Dumping Commission (the Commission) wrote to PanAsia Aluminium Pty Ltd (PAA), and other importers of aluminium extrusions as identified by Australian Border Force (ABF) import database, inviting them to cooperate with the investigation. PAA cooperated with the investigation and completed the importer questionnaire and relevant attachments.

### **1.2 Company structure**

PAA forms part of the PanAsia group of companies, and functions as the importer to the Australian market. PAA purchases the goods from Macao Commercial Offshore Limited (OPAL), another related company. The goods are manufactured by PanAsia Aluminium (China) Limited (PAC) in China.

PAA, OPAL and PAC are all ultimately owned by the same holding company. Reference is made to **Confidential Attachment 1: PanAsia Group Chart**

## **2 AUSTRALIAN SALES**

### **2.1 Verification of sales to audited financial statements**

As PAA does not compile audited financial statements, the verification team was not able to verify the completeness and relevance of PAA's sales listing by reconciling it to financial statements in accordance with ADN. No 2016/30.

PAA instead provided a profit and loss statement for the calendar year of 2016, which covers the duration of the review period. The verification team was able to reconcile the sales listing to profit and loss to within an error margin of less than 1%.

The verification team was therefore satisfied that the sales listing is complete and relevant.

Details of this verification process are contained in the verification work program at **Confidential Attachment 2**.

### **2.2 Verification of sales to source documents**

The verification team verified the accuracy of PAA's sales listing by reconciling it to source documents in accordance with ADN. No 2016/30.

The verification team did not find any issues with the verification of the sales listing to source documents.

Details of this verification process are contained in the verification work program at **Confidential Attachment 2**.

### **2.3 Related party customers**

The verification team did not find any evidence that PAA is related to any of its customers during the review period.

## 3 IMPORTS

### 3.1 The goods

PAA confirmed that it imported aluminium extrusions from China during the investigation period, which matches the description of the goods that are the subject of this application.

### 3.2 Verification of importation and selling costs

The visit team verified the accuracy of the importation and selling costs by reconciling selected imports to the source documents in accordance with ADN 2016/30.

The verification team did not find any issues with the verification of importation and selling costs to source documents.

Details of the verification are contained within the verification work program as **confidential attachment 2**.

### 3.3 Import listing

PAA confirmed that the import listing extracted from the ABF import database is a complete list of imports of the goods over the review period.

The verification team has calculated the weighted average FOB export price under s.269TAB(1)(b) of *the Customs Act 1901* (the Act) at **Confidential Appendix 1**.

### 3.4 The importer

The visit team considers PAA to be the beneficial owner of the goods at the time of importation and therefore the importer.

### 3.5 The exporter

Subject to further inquiries, the verification team considers the manufacturer to be the exporter of the goods<sup>1</sup>.

### 3.6 Profitability of imports

The verification team calculated profit for the 12 selected shipments.

The verification team found that 8 of the 12 shipments were profitable. The assessment is at **Confidential Appendix 2**.

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<sup>1</sup> The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

### **3.7 Related party suppliers**

The verification team found that PAA is related to its supplier of aluminium extrusions exported from China during the review period. PAA is also related to the trading company facilitating the sales from China to Australia.

### **3.8 Arm's length**

Section 269TAA of the Act outlines the circumstances in which the price paid or payable shall not be treated as arm's length. These are where:

- there is any consideration payable for, or in respect of, the goods other than its price; or
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, is directly or indirectly, reimbursed, compensated or otherwise received a benefit for, or in respect of, whole or any part of the price.

As detailed in the Commission's Dumping and Subsidy Manual, in assessing the arm's length nature of transactions the Commission will also examine relevant information to determine whether there has been genuine bargaining between buyer and seller.

In respect of imports of the aluminium extrusions to Australia by PAA during the investigation period, the verification team considers that the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller. Information obtained by the Commission about the pricing arrangements between PAA and OPAL, as well as the Commission's analysis of pricing by quarter and by finish across the review period indicates that genuine bargaining was not occurring between buyer and seller during the review period.

Therefore, given the relationships between PAA, OPAL and PAC, and the verification team's consideration of pricing arrangements, the verification team is not satisfied that import transactions between PAA and its supplier are at arm's length.

## **4 RECOMMENDATIONS**

The verification team are of the opinion that for the goods imported by PAA from PAC through the intermediary OPAL:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by the importer from the exporter; and
- the purchases of the goods by the importer were not arm's length transactions.

Subject to further inquiries in relation to these shipments, the verification team recommends that the export price for aluminium extrusions imported by PAA from PAC can be established under subsection 269TAB(1)(b) of the Act.

## **5 GENERAL COMMENTS**

During the verification visit, the PAA representative provided the following comments:

### **5.1 The Australian market for aluminium extrusions**

The PAA representative stated that the market size for aluminium extrusions is stable. There are more suppliers in the market, both domestic and imports. Some of these suppliers sell at very low prices.

### **5.2 Australian industry**

The PAA representative stated that Capral is much bigger than other Australian operations. The other operators are smaller and more specialised, whilst Capral is manufacturing more systems such as fencing. Capral's market share has decreased from 75% to 30% over the last 25-30 years.

### **5.3 Injury to Australian industry**

The PAA representative stated that Australian industry is not suffering injury from dumping by PAA. He stated PAA does not dump goods as they need to generate profits for their shareholders. He further stated that the Australian market is doing well as evidenced by new extruders in the market, as well as existing companies having increased their capacity in 2016.

## PUBLIC RECORD

### 6 ATTACHMENTS

<b>Confidential Appendix 1</b>	Export price
<b>Confidential Appendix 2</b>	Profitability of sales
<b>Confidential Attachment 1</b>	PanAsia Group Chart
<b>Confidential Attachment 2</b>	Verification work program