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14 May 2015

Director Operations 4
Anti-Dumping Commission
Level 35, 55 Collins Street
Melbourne VIC 3000

Review of measures applying to aluminium extrusions exported from China

Dear Director,

This submission is made on behalf of PanAsia Aluminium (China) Co. Ltd (PanAsia) and in response to the submission by Capral Limited (Capral) dated 4 May 2015.

Company background

Capral highlights its concerns about the lack of detail contained in the public version verification report involving matters raised by the auditor of PanAsialum Holdings Company Limited (PanAsialum) and that resulted in the suspension of trading in PanAsialum's shares on the Stock Exchange of Hong Kong.

The matters raised by the auditor are subject of an ongoing independent investigation and specific details of the issues being investigated remain strictly confidential until the investigation is completed and results are presented and approved by the PanAsialum board. The announcement by PanAsialum¹ of the delay to the company's 2014 Annual Report and suspension of trading provides a sufficient non-confidential summary of the specific issues being investigated.

PanAsia further reiterates its view that none of the issues being investigated have any bearing on the Commission's assessment and determination of variable factors as they have no relevance to PanAsia's export sales, domestic sales or costs of goods produced during the review period.

Related customers

Capral continues to express a view that PanAsia was related to its Australian customers during the review period by presenting information from Australian Securities and Investment (ASIC) records

¹ http://www.palum.com/attachment/2014121919020100002080834_en.PDF

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and PanAsialum's own prospectus documentation. Capral goes so far as to suggest that PanAsia continues to mislead the Commission and misrepresent its association with the relevant customers.

What is abundantly clear is that Capral's claims are unfounded and unsupported by the recent information presented to the Commission.

Capral asserts that the entity P&O Group Pty Ltd (P&O Group) was wholly owned by PanAsia Enterprises Group Limited (PanAsia Enterprises) until 25 October 2013 and highlights the relevant ASIC document number 1F0360869 as support for its claim. A more thorough company search reveals that the relevant document (Appendix 1) is simply a form used to change the registered address of the P&O Group.

Further, in the information presented by Capral, they have conveniently overlooked the ASIC document (1E6153506) relevant to the divestment by PanAsia Enterprises of its interests in P&O Group. That document (Appendix 2) dated 31 December 2009, clearly shows that PanAsia Enterprises disposed of its ownership of P&O Group.

Capral also provides an extract from the PanAsialum Prospectus to show ownership of PanAsia by PanAsia Enterprises, which is not disputed. However, it again conveniently overlooks the statements in the prospectus which make it clear that it sold P&O Group on 31 December 2009.

To ensure the Commission has true and accurate information regarding P&O Group, a current and historical company extract from ASIC's database is at Appendix 3.

To reiterate, PanAsia does not presently own any shares in P&O Group and did not hold any interest or share in the P&O Group during the review period. As the supporting documentation shows, PanAsia disposed of its interests in the P&O Group in December 2009. The relationship between PanAsia and its Australian customers during the review period was simply that of a buyer and seller.

These are the facts as demonstrated and Capral's assertions, which are based on its loose and inaccurate assessment of selective information, should be disregarded and given no weight.

Goods under consideration

As Capral correctly points out, the declaration and classification of imported goods is the responsibility of importers. Therefore, PanAsia is not in a position to comment on matters relating to the declaration of goods. However, as explained by PanAsia during the verification visit, the vast majority of exported fabricated extrusions found by the Commission to fall within the description of the goods subject of the notice, are [REDACTED] [product description].

Notwithstanding the above, PanAsia accepts the Commission's findings on scope of goods subject of the notice.

On the issue of the updated list of export transactions, Capral's concerns are unwarranted as the Commission undertook a thorough verification of all goods, including fabricated extrusions. The updated list of export transactions reconciles to PanAsia's management reports and audited statements.

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Theoretical weight adjustment

PanAsia agrees with the Commission that adjustment is warranted for weight differences between domestic and exports sales. This type of adjustment is not uncommon and has been previously considered by the Commission and made on numerous occasions.

In TER 148A², the Commission stated that it:

'...considers that weight differences that exist between export and domestic sales would warrant either an upward or downward adjustment depending on whether the theoretical weight was lesser or greater than the actual weight.'

In that particular case, the Commission found that 'the overall theoretical weights on export sales were greater than their corresponding actual weights' and considered that a downward adjustment to normal values were warranted.

PanAsia agrees with Capral that any such adjustment, whether upward or downward, should be based on observable and demonstrable evidence. Panasia has provided the Commission with clear evidence that demonstrates the weight difference between export and domestic products and which is the basis for ensuring that constructed normal values are properly compared to export prices.

Export price

PanAsia rejects Capral's view that the findings of the anti-circumvention inquiry are in any way relevant to the review of measures. As stated by the relevant importers involved in the anti-circumvention inquiry, the 'decision of the subject importers [confidentialised – pricing information] was predominantly driven by the way in which Australia's duty collection system operates.'

The pricing of aluminium extrusions into the Australian market is a matter solely for the importers and PanAsia has no visibility or involvement in those decisions. To ensure that it complied with anti-dumping measures, PanAsia [redacted] [export pricing information].

As the Commission has been able to establish, there was no reimbursement, rebate or other consideration from PanAsia to its Australian customers ([redacted]) [details regarding export terms of sale].

Cost to make and sell / Domestic sales / Countervailing

Capral raises numerous concerns about the reliability of the information presented by PanAsia to the Commission during the verification visit. PanAsia rejects Capral's concerns and considers it insulting to both PanAsia and the Commission's officers, to be questioning the reliability of PanAsia's records and the professionalism and diligence of the relevant staff that undertook the visit.

² Termination Report No. 148A – 13 April 2010

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The Commission officers were extremely thorough and probing in their verification of PanAsia's questionnaire response, and PanAsia was able to assist by providing the Commission with access to all of its accounting records and all information requested of it.

Yours sincerely,

John Bracic