

22 September 2017

Mr Reuben McGovern
Case Manager
Operations 3
Anti-Dumping Commission
Level 35
55 Collins Street
Melbourne Victoria 3000

Email: reuben.mcgovern@adcommission.gov.au

Public File

Dear Mr McGovern

Investigation No. 392 – Review of measures applicable to aluminium extrusions exported from P R China – Submission by Taishan City Kam Kui Aluminium Extrusion Cop., Ltd

I refer to the submission on behalf of Taishan City Kam Kui Aluminium Extrusion Co., Ltd (“Kam Kui”) dated 14 September 2017 in respect of Statement of Essential Facts No. 392 (“SEF 392”).

Kam Kui has submitted that the Anti-Dumping Commission (“the Commission”) has made errors in the calculation of the appropriate margin of profit and the determination of export price. Further, Kam Kui is challenging the specificity as it relates to programs 47 and 48 of the countervailing finding.

(i) Kam Kui Profit

Kam Kui contends that the profit on “High-end Models should be excluded from the calculation of profit”. Capral submits that if the *high-end* models are like goods, the level of profit achieved on those high end models should be included in profit margin determined for Kam Kui.

(ii) Export price

Kam Kui is challenging the interest rate used by the Commission in calculating the credit adjustment on export sales. Kam Kui claims that the adjustment is “too high”.

Kam Kui states that the People’s Bank of China rate is 4.35 per cent. Capral requests that the Commission be satisfied as to the applicable bank rate for the whole of the investigation period prior to confirming the credit adjustment.

(iii) Countervailable programs

Kam Kui argues that the Commission should note determine the subsidy benefits under the applicable programs (referencing Programs 47 and 48) on a per kilogram basis, but “*a fairer and more appropriate means of allocation of any benefits received under those programs would be based on the proportion of profits earned from the goods exported to Australia, or at the very least, the proportion of revenue earned from those goods*”.

The approach (or methodology) proposed by Kam Kui is inconsistent with the legislative requirements for assessing the benefit received by the recipient.

The benefit received under the applicable tax programs is calculated as the tax forgone by the exporter. The amount of the subsidy received is determined by the Minister in accordance with subsection 269TACD(1). In accordance with subsection 269TACD(2) the amount of the subsidy received in respect of the goods has been apportioned to each unit of the goods using the total sales volume of Kam Kui.

The Commission has therefore correctly determined the applicable subsidy benefit to Kam Kui on a per kilogram basis as required by subsection 269TACD(2).

(iv) Specificity for Programs 47 and 48

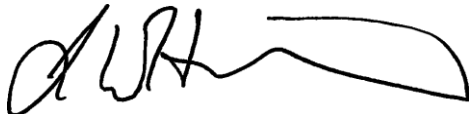
It is contended by Kam Kui that programs 47 and 48 lack "specificity". Program 47 – preferential Tax Policies for High and New Technology Enterprises (HNTE) and Program 48 – Provincial Government of Guangdong tax offset for R&D, were both identified as countervailable programs in earlier investigations¹.

Kam Kui has not demonstrated that the Programs 47 and 48 are not specific. To achieve this would require supporting information from the Government of China that all entities in China (or the relevant province where the Program is administered) – irrespective of industry and with an absence of eligibility criteria – would be eligible for the subsidies. For Programs 47 and 48 this is not the case.

Capral supports the Commission's finding that Program's 47 and 48 are specific is the correct decision in this review.

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
General Manager – Supply and Industrial Solutions

¹ Program 47 was countervailed in Investigations 237, 238, 248 and 316; Program 48 in Investigation 248.