

PUBLIC
FILE

FOLIO
No: 32

**APPLICATION
FOR
DUMPING DUTIES
AUSTRALIAN VINYL CORPORATION
Polyvinyl Chloride ("PVC")
exported from
the Republic of Korea**

PUBLIC
FILE
FOLIO 31
No:.....

AUSTRALIAN CUSTOMS SERVICE

**Application for Dumping and
Countervailing Duties**

DECLARATION

I request in accordance with Section 269TB of the Customs Act 1901 that the Minister publish in respect of goods the subject of this application:

- a dumping duty notice, or
- a countervailing duty notice, or
- a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature:.....

Name: John O'Connor

Position: Director

Company: John O'Connor and Associates Pty Ltd

ABN: 39 098650 241

Date: / /

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

For advice about completing this part please contact the Customs Dumping Liaison Unit on:

☎ (02) 6275-6066 Fax (02) 6275-6990

A-1 Identity and communication.**Please nominate a person in your company for contact about the application:**

Contact Name: Peter Flinn
 Company and position: Sales and Marketing Manager PVC, Caustic and Specialty Products
 Address: 65 Leakes Road, Laverton North, Victoria 3026
 Telephone: (03) 9368 6221
 Facsimile: (03) 9368 4881
 E-mail address: peter.flinn@av.com.au
 ABN: 15 078 558 595

Alternative contact

Name: Ian Owens
 Position in the company: Commercial Manager, Australian Vinyls Corporation
 Address: 65 Leakes Road, Laverton North, Victoria 3026
 Telephone: (03) 9368 6226
 Facsimile: (03) 9368 4888
 E-mail address: ian.owens@av.com.au

If you have appointed a representative to assist with your application, provide the following details and complete Appendix AB (Representation).

Name: Mr John O'Connor
 Representative's business name: John O'Connor & Associates Pty Ltd
 Address: P.O. Box 329, Coorparoo Qld 4151
 Telephone: (07) 3342 1921
 Facsimile: (07) 3342 1931
 E-mail address: jmconnor@optusnet.com.au
 ABN: 39 098 650 241

A-2 Company information.

- 1. State the legal name of your business and its type (eg. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

The name of the company requesting anti-dumping measures is Australian Vinyls Corporation Pty Ltd.

- 2. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.**

The organisational chart for Australian Vinyls Corporation Pty Ltd ("AVC") is included at Confidential Attachment A-2.2.

- 3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.**

AVC is 100 per cent owned by AVC Holdings.

4. **If your company is a subsidiary of another company list the major shareholders of that company.**

AVC Holdings (AVC's parent company) is 100 per cent owned by Manacol Pty Ltd.

5. **If your parent company is a subsidiary of another company, list the major shareholders of that company.**

In September 2007 Manacol's shares were acquired by CSBP Limited, which is 100 per cent owned by Wesfarmers Limited, a public company listed on the Australian Stock Exchange.

6. **Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).**

Please refer to Confidential Attachment A-2.6.

7. **Are any management fees/corporate allocations charged to your company by your parent or related company?**

CSBP xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx to AVC.

8. **Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.**

AVC does not have any relationship with Korean exporters of polyvinyl chloride ("PVC") resin exported to Australia, nor does AVC have a relationship with importers of PVC resin from Korea.

9. **Provide a copy of all annual reports applicable to the data supplied in Appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.**

AVC does not prepare an Annual Report. AVC's financial data is reflected as a subsidiary in CSBP Limited's consolidated accounts.

10. **Provide details of any relevant industry association.**

AVC is a member of the Plastics and Chemicals Industries Association ("PACIA").

PUBLIC
FILEFOLIO
No. 27**A-3 The imported and locally produced goods.****1. Fully describe the imported product(s) the subject of your application:**

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.

The good the subject of this application is polyvinyl chloride homopolymer ("PVC") resin

PVC is a white powder produced by the polymerisation of vinyl chloride monomer ("VCM"). PVC can be manufactured through a suspension process or a mass process, and the final goods are considered to be similar and interchangeable.

The application excludes paste (or emulsion), compound grades and recycled PVC

2. What is the tariff classification and statistical code of the imported goods.

The goods are classified to tariff subheading 3904.10.00 statistical code 18 of Schedule 3 to the Customs Tariff Act 1995.

The duty rate for Korea is currently 5 per cent.

3. Fully describe your product(s) that are 'like' to the imported product:

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.
- Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.

In previous PVC inquiries conducted by Customs and Border Protection, it was found that PVC produced by Australian Vinyls Corporation ("AVC") had the same physical characteristics, end-use and substitutability as PVC exported from Korea.

Customs and Border Protection was also satisfied that AVC produced like goods¹

As was determined in Trade Measures Report No. 151 Continuation of Measures on PVC exported from Korea (dated 25 February 2010) there has been no substantial change in the manufacture of PVC by AVC since the publication of Report No. 151.

Refer to Non-Confidential A-3.3. for copies of AVC's product brochures for PVC.

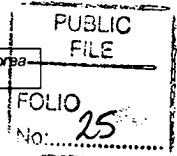
4. Describe the ways in which the essential characteristics of the imported goods are alike to the goods produced by the Australian industry.

PVC exported from Korea to Australia possesses the same essential characteristics to PVC manufactured by AVC as follows:

- they have the same physical characteristics;
- they compete in the same markets;
- they have similar end-use applications and are used interchangeably;
- they are manufactured using similar materials and in a similar manner; and
- they are classified to the same sub-heading.

¹ Refer most recently to Trade Measures Report No. 151 P 10

5. **What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.**
- The ANZSIC code applicable to PVC is 253 – Basic Chemical Manufacturing.
6. **Provide a summary and a diagram of your production process.**
- A process diagram showing the polymerisation of VCM to PVC is included at Confidential Attachment A-3.6, along with a detailed explanation of the four key steps in PVC manufacture at AVC.
7. **If your product is manufactured from both Australian and imported inputs:**
- **describe the use of the imported inputs; and**
 - **identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).**
- PVC is manufactured from imported vinyl chloride monomer ("VCM"). The polymerisation of VCM into PVC is considered a significant process of value-added transformation, whereby there is a change in the sub-heading classification of the VCM to a separate sub-heading specifically for PVC. In addition, the polymerisation process is a capital-intensive process, involving assets with a replacement value of approximately \$xxx Million.
8. **If your product is a processed agricultural good, you may need to complete Part C.3 (close processed agricultural goods).**
- PVC is not a processed agricultural good.
9. **Supply a list of the names and contact details of all other Australian producers of the product.**
- AVC is the sole Australian manufacturer of PVC.

**A-4 The Australian market.****1. Describe the end uses of both your product and the imported goods.**

The major uses for PVC in Australia are in the manufacture of pipes and fittings and wire and cables for the construction and building industry. AVC estimates that approximately 70 per cent of the PVC market is for pipe grade resin. Other uses for PVC include hoses and tubing, and injection mouldings (such as shoes).

2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- sources of product demand;
- marketing and distribution arrangements;
- typical customers/users/consumers of the product;
- the presence of market segmentation, such as geographic or product segmentation;
- causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
- the way in which the imported and Australian product compete; and
- any other factors influencing the market.

Market Supply

The Australian market for PVC is supplied through local production (i.e. AVC) and imports from a number of source countries (including Korea, Taiwan and Thailand).

ABS import data for a number of countries is the subject of suppression orders. AVC has relied upon export data obtained from TradeData International to identify export volumes to Australia.

PVC exports from Korea were previously the subject of anti-dumping measures and were allowed to expire on 23 March 2010. Trade Measures Report No. 151 details Customs and Border Protection's recommendations following an inquiry into the continuation of the measures that applied to Korean PVC exports. It was considered that although the exports from Korea would continue following the removal of the measures, the imports would be "in small volumes" and it was "not likely that exports of PVC from Korea to Australia at dumped prices" would "lead to a recurrence of material injury".

This application highlights the dramatic increase in Korean PVC exports to Australia following the expiry of the measures.

The Australian market consists of the following market segments:

- plumbing and electrical fittings;
- pressure pipe; and
- general purpose.

AVC supplies all three segments of the market with locally produced PVC. AVC also imports PVC to supply volumes beyond its production capacity.

3. Identify if there are any commercially significant market substitutes for the Australian and imported product.

PVC is the preferred product in pressure pipe, plumbing and electrical fittings, and other general purpose applications. There exists limited substitutability at the margin with polyethylene in certain applications. The annual demand for PVC, however, is not impacted by any minor substitutability.

4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.

Confidential Appendix A1 has been prepared using data included from AVC's Confidential Appendix A6.1.

5. Complete appendix A2 (Australian market).

Confidential Appendix A2 for the Australian PVC market has been prepared based upon AVC's sales data identified in Confidential Appendix A6.1 and available information reflecting PVC imports into Australia.

Australian Bureau of Statistics ("ABS") data for PVC classified to 3904.10.00 statistical code 18 is the subject of No Country Declared and No State Detail restriction embargoes. As a consequence, AVC does not have full access to imports of PVC from Korea (and some other countries) across the injury period from 2006.

AVC has purchased export statistics from XXXXXXXXXXXXXXXX for PVC exports to Australia from 2006. This data is considered reliable for PVC resin exports to Australia. Where the average US\$/MT FOB price exceeds a certain level (i.e. approximately US\$1500/MT), it is considered that the exported goods may include further manufacturing and are unlikely to be the goods the subject of this application.

Korean exports of PVC to Australia sourced from XXXXXXXXXXXXXXXX are considered to be accurate for determining whether import volumes into Australia during 2011 were above negligible levels. In the ten months to October 2011, South Korea exported 15,951 tonnes of PVC to Australia. This volume represented more than 25 per cent of total imports into Australia in 2011.

AVC has relied upon the XXXXXXXXXXXXXXXX data for Korean exports of PVC to Australia for estimating volumes imported into Australia.

Please refer to XXXXXXXXXXXXXXXX data provided in CD-Rom. The XXXXXXXXXXXXXXXX data is to be treated as "Commercial-in-Confidence" due to the commercial arrangement between the company and AVC.

6. Use the data from appendix A2 (Australian market) to complete this table:

AVC has completed Appendix A2 (Australian Market).

*Indexed table of sales quantities**

Period	(a) Your Sales	(b) Other Aust ⁿ Sales	(c) Total Aust ⁿ Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	(g) Total Market (c+f)
2006	100	100	100	100	100	100	100
2007	97.3	100	97.3	519.0	142.1	135.6	110.2
2008	65.7	100	65.7	502.0	196.1	180.3	104.4
2009	94.6	100	94.6	719.7	83.2	75.4	88.1
2010	97.1	100	97.1	800.0	95.2	94.1	96.1
2011	96.1	100	96.1	11990	78.1	88.9	93.6

Notes:

1. AVC is sole Australian manufacturer of PVC.
2. Imports ex South Korea in 2006 relatively minor due to anti-dumping measures in place.
3. Dumped imports volumes for 2007, 2008, 2009 sourced from XXXXXXXXXXXXXXXX South Korea export volumes for PVC to Australia – see Confidential Attachment A-4.6.

- 23
4. PVC imports from South Korea available from October 2009 to June 2011 and included in above Table.
 5. PVC imports ex South Korea for 2011 based upon XXXXXXXXXXXXXXXX exports for 11 months Jan to Nov 2011, and do not include 4674 tonnes exported to Australia in December 2011 (as arrival not likely until January 2012).
 6. AVC's import volumes are also shown separately at Confidential Attachment A-4.6.

It is evident from the above Table that exports of PVC from Korea in 2011 have increased dramatically following the expiration of anti-dumping measures on 23 March 2010. Korea's total PVC exports to Australia in 2011 (including December 2011) were 22,499 tonnes. In the period July to December 2011, 16,797 tonnes (or 75 per cent of the total volume) were exported.

The impact of the dumped and injurious Korean exports, therefore, was in the second half of 2011 and continuing into 2012.

A-5 Applicant's sales.

1. Complete appendix A3 (sales turnover).

AVC has completed Confidential Appendix A3 (sales turnover).

2. Use the data from appendix A3 (sales turnover) to complete these tables.

AVC has completed the Table below using data from Confidential Appendix A3.

*Indexed table of Applicant's sales quantities**

Quantity	2006	2007	2008	2009	2010	2011
All products						
Australian market	100	80.2	76.7	87.8	93.1	86.3
Export market	100	100	100	100	100	100
Total	100	80.2	76.7	87.8	93.1	86.3
Like goods						
Australian market	100	82.7	77.5	90.3	94.4	88.1
Export market	100	100	100	100	100	100
Total	100	82.7	77.5	90.3	94.4	88.1

Notes:

1. Like Goods includes PVC – locally produced and imports.

*Indexed table of Applicant's sales values**

Values	2006	2007	2008	2009	2010	2011
All products						
Australian market	100	82.7	101.0	99.8	110.8	102.5
Export market	100	100	100	100	100	100
Total	100	82.7	101.0	99.8	110.8	102.5
Like goods						
Australian market	100	85.6	82.9	81.7	88.5	82.0
Export market	100	100	100	100	100	100
Total	100	85.6	82.9	81.7	88.5	82.0

Notes:

1. Like Goods includes PVC – locally produced and imports.

3. Complete appendix A5 (sales of other production) if you have made any:

- internal transfers; or
- domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

AVC has imported PVC from Taiwan to supplement its sales of local production. Volumes of imported PVC from Taiwan are included at Confidential Appendix A-5.

4. Complete appendix A4 (domestic sales).

AVC has included sales data by invoice for PVC sold by the company. Please refer to sales data provided in electronic form for Confidential Appendix A4.

5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

AVC has not sold PVC to any of its associated companies.

6. Attach a copy of distributor or agency agreements/contracts.

AVC does not have any distributor agreements.

7. Provide copies of any price lists.

AVC does not operate from a price list for its sales of PVC.

8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.

- Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).
- If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported appendix A4 (domestic sales) as a discount or rebate.

AVC provides a discount on the basis of sales volumes targets. Discounts provided are reflected in Confidential Appendix A4.

9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.

AVC has provided two complete sets of commercial documentation for each quarter throughout 2011. Please refer to Confidential Attachment A-5.9.

PUBLIC
FILE
FOLIO
21**A-6 General accounting/administration information.****1. Specify your accounting period.**

AVC's financial year is from 1 July to 30 June.

2. Provide details of the address(es) where your financial records are held.

AVC's financial records are maintained at its premises at 65 Leakes Road, Laverton North, Victoria, 3026.

3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:

- **chart of accounts;**

A soft copy of AVC's Chart of Accounts (Confidential) is included with this application.

- **audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);**

AVC's accounts are consolidated. AVC's Profit & Loss Statements and Balance Sheets for the last two financial years are provided. Please refer to Confidential Attachment A-3.3.

- **internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.**

These documents should relate to:

1. **the division or section/s of your business responsible for the production and sale of the goods covered by the application, and**
2. **the company overall.**

Please refer above.

4. If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

This question is not applicable to AVC as its accounts are audited.

5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.

AVC's accounting practices are in accordance with Australian generally accepted accounting principles.

6. Describe your accounting methodology, where applicable, for:

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Income is recognised on sale. Discounts are provided to large volume customers where agreed sales and volume targets are achieved.

- **provisions for bad or doubtful debts;**

As a general guide, the GST exclusive value of all debts more than 90 days overdue are fully provided for unless in the opinion of the business unit there are sufficient reasons and justifications to believe the debt will be recovered. A bad debt provision may also be recognised to cover the eventuality that some lesser-grade debts may become bad debts in

due course. This provision however, must be supported by historical data illustrating the incidence of bad debts in the ordinary course of business.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

General expenses are brought to account by the accrual method.

- **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

Costs are allocated on metric tonnes.

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);**

Not Applicable.

- **valuation methods for scrap, by-products, or joint products;**

Not Applicable.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

Not Applicable.

- **valuation and revaluation of fixed assets;**

Fixed assets are valued at historical cost.

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

Depreciation is based on straight line method, with useful life considerations.

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

Xxxxx Corporate Treasury hold all gains/losses. All AVC gains are hedged.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

7. **If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.**

The accounting methods employed by AVC have not altered over the period for which costs have been presented in this application.

A-7 Cost information

1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.

AVC has completed Confidential Appendix A6.1. AVC does not have any export sales of PVC, hence Appendix A6.2 has not been completed.

A-8 Injury

1. Estimate the date when the material injury from dumped imports commenced.

Injury from exports of dumped PVC from Korea commenced in mid 2010 following the expiration of anti-dumping measures against all Korean PVC exporters on 23 March 2010.

As noted above, 22,499 tonnes of PVC was exported to Australia during 2011, with 75 per cent exported in the period July to December 2011. The injury from the dumping has therefore increased during the course of 2011, particularly as the year has passed.

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production.

Index of production variations (metric tonnes)

Period	2006	2007	2008	2009	2010	2011
Index	100	103.7	73.6	95.9	94.9	103.4

Notes:

1. Production is all domestic production for AVC.

In 2011, AVC has produced volumes xxxxxxxxx to nameplate capacity for its Laverton plant.

Index of cost variations (A\$ per metric tonnes)

Period	2006	2007	2008	2009	2010	2011
Index	100	105.9	116.7	100.3	105.7	105.9

Notes:

1. Cost variations based upon AVC's unit CTM&S.

AVC's cost-to-make-and-sell PVC increased in 2010 and again slightly in 2011.

Index of price variations (model, type, grade of goods)

Period	2006	2007	2008	2009	2010	2011
Index	100	103.9	107.0	90.3	93.6	89.4

Notes:

1. Price variations based upon AVC's average unit selling price.

AVC experienced a decline in average selling prices in 2009 as global demand for PVC retreated. In 2010, AVC experienced an improvement in prices, however, in 2011, AVC's average selling price declined to levels below that of 2009.

Index of profit variations (model, type, grade of goods)

Period	2006	2007	2008	2009	2010	2011
Index	100	76.4	-32.6	-52.8	-80.0	-93.3

Notes:

1. AVC's profit variation based upon profit per metric tonne.

AVC has experienced further deteriorations of profit in 2010 and 2011 as its margin between selling price and unit CTM&S has been eroded.

Index of Profitability variations (model, type, grade of goods)

Period	2006	2007	2008	2009	2010	2011
Index	100	73.8	-30.8	-58.5	-84.6	-100.0

Note:

1. Index of profitability based upon unit profit as a percentage of average unit selling price.

In parallel with an erosion of AVC's \$/MT profit, AVC's profitability as measured by unit profit as a percentage of unit selling price has declined further in 2011.

3. Complete appendix A7 (other economic factors).

AVC has completed Confidential Appendix A7. AVC's revenue for locally produced PVC has declined in calendar year 2011.

Index of revenues (\$)

Period	2006	2007	2008	2009	2010	2011
Index	100	101.2	70.4	85.5	91.0	89.3

Notes:

1. AVC's revenues for PVC are for domestic production only (i.e. no export revenues).

AVC has completed ROI for its financial year 2009 to 2011 (year ending June). Data for ROI is only available for this period due to CSBP Limited's ownership throughout this period only. AVC's Return on Investment in 2011 has declined by more than xxx per cent from the previous period.

Index of Return on Investment

Period	2009	2010	2011
Index	100	-110	-203

considers the DEP to be more reliable than ABS or XXXXXXXXXXXXXXXX export prices.

The XXXXXXXX XXXXXXXXXXXXXXXX Reports (included at Confidential Attachment A-9.2) support AVC's position that it has experienced price depression and price suppression in 2011, contributing to declines in AVC's profit and profitability.

AVC continues to experience price injury from dumped exports of PVC by LG Chem of Korea in 2012.

3. **Compare the data at appendix A2 (Australian market) to identify the influence of dumped imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).**

AVC is a manufacturer of PVC from imported vinyl chloride monomer ("VCM"). AVC is one of the largest importers of VCM globally, and is able to secure raw material VCM feedstock at competitive rates. As AVC has operated its plant at XXXXXXXXXXXX rates, it has been able to maintain production costs at relatively stable levels in 2011.

However, as indicated in Section A-9.2, AVC has experienced price depression in 2011. AVC was able to recover a proportion of cost increases in 2010 through slightly higher selling price sin 2010 (when contrasted with 2009 selling prices), however, in 2010, AVC's selling prices declined, whereas costs slightly increased, further widening the gap between costs and selling prices to AVC's disadvantage.

AVC is therefore able to demonstrate that it has experienced price suppression injury in 2011 as its prices have declined (to levels below that achieved in 2009) as production costs increased.

4. **The quantity and prices of dumped imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.**

The decline in AVC's selling prices has also contributed to a reduction in AVC's domestic sales revenues (as all revenues generated by AVC in PVC are based on domestic sales only). In 2011, AVC's domestic revenues were lower than revenues achieved in 2010.

Reduced revenues and lower profits and profitability have also contributed to a reduction in AVC's Return on Investment ("ROI"). AVC's ROI declined by more than xxx per cent in its 2011 financial year.

5. **Describe how the injury factors caused by dumping and suffered by the Australian industry are considered to be 'material'.**

In Trade Measures Report No. 174, Customs and Border Protection determined that AVC's profit and profitability xxxxxxxx in 2008-09 and "fell" in 2009-10 and 2010-11. This application demonstrates that AVC's profit and profitability has deteriorated further during the remainder of 2011 and that xxxxxxxxxxxx are expected in 2012 (to flow from the price undercutting at lower price levels from LG Chem's exports to Australia).

AVC has completed profitability returns at Section A-8 for the business from 2006. It is apparent from the profitability data that AVC's return in 2011 has declined further and was at xxxxxxxx xxx per cent of selling price. The actual loss on domestic sales of \$xxxM in 2011 was \$xxxM – an amount that is significant and considered "material" when contrasted with xxxxxx returns achieved in 2006 and 2007.

In light of LG Chem's preparedness to continue to increase PVC exports to Australia to at least 30,000 tonnes per annum, AVC is concerned that the material xxxxxx already experienced will increase further in 2012. 15

6. **Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping.**

AVC has demonstrated in this application that its Laverton facility has been operating at close to full rates and that the cause of material injury sustained has been as a result of declining Korean export prices sold in Australia.

AVC does consider, however, that it has been unable to recover profit and profitability from the global downturn experienced in 2009 and that the expiration of the measures on PVC exported from Korea has exposed AVC to increasing volumes of dumped PVC exports at prices that have undercut AVC's prices. It is submitted that AVC was susceptible to further material injury from dumped imports (from March 2010) and that the material injury suffered following the expiration of the measures has been a significant factor in AVC's performance.

7. **This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped imports, forecast their impact on your industry's economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.**

Anti-Dumping measures were originally applied to PVC exported to Australia in March 2000. The then industry had suffered material injury from dumped exports of PVC from Korea and the Minister imposed measures to remove the injurious affects of dumping on PVC exported by Korean companies. The measures were continued in 2005 for a further five years (refer Continuation Report No. 91 of 11 March 2005).

Trade Measures Report No. 151 recommended that the measures on PVC exported from Korea be allowed to expire on 23 March 2010. The findings contained in the report included the findings that²:

- *it is likely that exports of PVC from Korea will recur in small volumes;*
- *it is likely that exports of PVC will be at dumped prices; and*
- *it is not likely that exports of PVC from Korea to Australia will lead to a recurrence of material injury."*

Following the expiration of the measures on PVC exports from Korea in March 2010, LG Chem has actively increased exports of PVC to Australia at a rapid rate. In 2010, Korean PVC exports re-emerged, followed by a dramatic increase to levels exceeding 16,000 metric tonnes in 2011. Injury experienced by AVC, however, has been due to the price undercutting from LG Chem's exports at prices that have required AVC to respond or lose sales volumes.

AVC's injury from exports by LG Chem has been "price" related resulting in price depression, price suppression, reductions in profit and profitability, and reduced returns on investment.

AVC submits that the material injury suffered in 2011 can be directly linked to the expiration of the anti-dumping measures on PVC exported from Korea in March 2010.

AVC understands that LG Chem has targetted the supply of 30,000 tonnes for the Australian market. To achieve this objective, LG Chem will continue to undercut Australian industry selling prices (in 2011 by levels up to 8 per cent), thereby exposing AVC to further material injury from the dumped PVC exports.

² Refer Trade Measures Report No. 151, P.6.

The material injury sustained by AVC in 2011 is substantial and is continuing into 2012. AVC urgently requests that Customs and Border Protection commence a formal investigation into the dumping of PVC exports from Korea to Australia. In addition, AVC requests that Customs and Border Protection impose provisional measures via a Preliminary Affirmative Determination ("PAD") as early as possible following Day 60 of the investigation to ensure the Australian industry does not experience any further material injury from the dumping of PVC exported from Korea.

PUBLIC
FILE

FOLIO

No. 13

PART B

DUMPING

IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only; refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

For advice about completing this part please contact the Customs Dumping Liaison Unit on:

☎ (02) 6275-6066 Fax (02) 6275-6990

B-1 Source of exports.**1. Identify the country(ies) of export of the dumped goods.**

The goods under consideration ("GUC") are exported from South Korea ("Korea").

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

The applicant understands that the country of origin of the GUC is the same as the country of export.

3. If the source of the exports is a non market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

Korea is not considered an economy in transition for the purposes of Australia's Anti-Dumping provisions.

4. Where possible, provide the names, addresses and contact details of:**• producers of the goods exported to Australia;**

It is AVC's understanding the PVC exported from Korea has been sourced from L G Chemicals. Contact details are as follows:

LG Chem
LG Twin Tower, East Tower
20 Yoido-dong
Youngdungpo-gu
Seoul 150-721 Korea

Tel: + 82 2 3773 1114
<http://www.lgchem.com>

LG Chem operates a 200,000 tonne per year PVC plant at Daesan. The company also operates a 620,000 tonne per annum PVC plant at Yeosu.

• exporters to Australia; and

AVC understands that LG Chem is the producer and exporter of the goods exported to Australia from Korea.

• importers in Australia.

AVC understands that LG Chem exports PVC to Australia direct to customers.

The following companies were also identified as importers of Korean PVC in Trade Measures Report No. 151 included:

- (i) Primaplas Pty Ltd
G02/762 Toorak Road,
Glen Iris Victoria 3146
Tel: 61 3 9822 2222
Fax: 61 3 9822 2122
- (ii) Vinidex Pty Ltd
19-21 Loyalty Road
North Rocks NSW 2151

5. If the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

PVC imports from Korea in 2011 exceeded 3 per cent of total imports into Australia.

6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application.

This application is not an application for countervailing measures, hence this question does not apply.

B-2 Export price

1. Indicate the FOB export price(s) of the imported goods. Where there are different grades, levels of trade, models or types involved, an export price should be supplied for each.

AVC has relied upon Australian Bureau of Statistics ("ABS") import data and XXXXXXXXXXXXXXXX Export statistics to identify Korean imports/exports to Australia during 2011 and earlier years.

As indicated, PVC import data has been the subject of various suppression orders since 2005 that have impacted the identification of imported Korean PVC volumes since that time. AVC has identified PVC imports from Korea from October 2009 to June 2011 (refer Non-Confidential Attachment B-2.1). Thereafter PVC import data has been suppressed.

However, AVC does not consider that either ABS or XXXXXXXXXXXXXXXX FOB prices can be relied upon for the purposes of assessing prim facie dumping margins on Korean PVC exported to Australia (refer B-2.3 below).

2. Specify the terms and conditions of the sale, where known.

The values identified in available ABS data and XXXXXXXXXXXXXXXX Statistics are published at the FOB level.

3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.

AVC does not consider that PVC FOB prices as published by ABS and XXXXXXXXXXXXXXXX properly reflect actual export prices to Australia.

The following example derived from a market offer for Korean PVC on 23 June 2011 confirms that available FOB values for PVC exported from Korea are unreliable.

Table B-2.3 – Deductive Export Price for PVC exported from Korea

Category	Deductions \$/MT	
Price Offer		A\$ 1235 per M/T FIS
Less deductions:		
- local delivery	\$xxxx	
- importer margin	\$xxxx	
- Origin Fees	\$xxxx	
- Clearance & Processing	\$xxxx	
- Destination Fees	\$xxxx	
- Seafreight	\$xxxx	
- Duty	\$xxxx	
Sub-Total	A\$231	A\$ 231
less		
Deductive A\$FOB price		A\$1004 FOB per M/T

Notes:

1. Please refer to Confidential Attachment B-2.3 for supporting documentation of identified deductions (individually referenced below) – assumption used that each container is 18 metric tonnes.
2. Local delivery based upon Xx xxxxxx Freight rates (two components – wharf to logistics warehouse and warehouse to customer store) – See Confidential Attachment B-2.3.
3. Importer margin based upon xxx per cent of FOB export price and is considered representative of AVC's importer margin.
4. Origin and destination fees as xxx documentation at Confidential Attachment B-2.3.
5. Seafreight based upon prices ex Xxxxxxxxx xxxxxxxxxxxx Australia including BAF, less discount, at US\$xxx – refer Confidential Attachment B-2.3.

Published ABS FOB export prices for imports of PVC into Australia in May and June 2011 were A\$1150 per MT and A\$1170 per MT respectively (refer Non-Confidential Attachment B-2).

The deductive export price is below published A\$FOB prices sourced from ABS by between A\$146 and A\$166 per metric tonne (or 14.5 and 16.5 per cent of the deductive export price).

On the basis that an importer's profit was not provided for the deductive export price remains A\$101 to A\$121 below the published FOB export prices for Korea (or between 10 and 12 per cent of deductive export price).

4. **It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.**

Supporting documentation for the deductive export price calculations at B-2.3 above are included at Confidential Attachment B-2.3.

B-3 Selling price (normal value) in the exporter's domestic market.

1. **State the selling price for each grade, model or type of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.**

AVC has obtained domestic price information for PVC sold in Korea from XXXXXXXX XXXXXXXXX XXXXXX newsletters. XXXXXXXX XXXXXXXXX is a recognised industry publication, referred to by industry participants as a reliable source for domestic pricing information.

Domestic prices for PVC sold in Korea are available from the XXXXXXXX XXXXXXXXX newsletter on a monthly basis.

Table B-3.1 details Korean domestic prices for PVC during 2011.

Table B-3.1 – Korean PVC domestic prices

Month	Price Range
January 2011	KRW 1160-1190/kg
February 2011	KRW 1170-1200/kg
March 2011	KRW 1250-1300/kg
April 2011	KRW 1300-1340/kg
May 2011	KRW 1320-1350/kg
June 2011	KRW 1290-1350/kg
July 2011	KRW 1230-1250/kg
August 2011	KRW 1230-1250/kg
September 2011	KRW 1210-1250/kg
October 2011	KRW 1090-1110/kg
November 2011	KRW 1020-1050/kg
December 2011	KRW 1020-1050/kg

Notes:

- Source: XXXXXXXX XXXXXXXX monthly newsletters – extracts at Confidential Attachment B-3.1.
- KRW refers to "Korea Won".
- Domestic prices are "Free Delivery".

2. **Specify the terms and conditions of the sale, where known.**

Published Korean Domestic Selling Prices for PVC included at Confidential Attachment B-3.1 are prices per kilogram and are stated as "Free Delivery".

3. **Provide supporting documentary evidence.**

Please refer to Confidential Attachment B-3.1.

4. **List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.**

Hanwha Chemicals operates two PVC production facilities in Korea – a 250,000 tonne per annum facility at Yeosu, and a 310,000 facility at Ulsan.

Contact details for Hanwha Chemicals is as follows:

- (i) Yeosu Plant
287-9, Pyeongyeo-Dong
Yeosu-si, Jeollanam-do
Korea
Tel: 82 61 688 1114
Fax: 82 61 688 1011

- (ii) Ulsan Plant
482 Sanggae-dong
Nam-gu, Ulsan
Korea
Tel: 82 52 279 2114

B-4 Estimate of normal value using another method.

1. **Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).**

AVC has relied upon published monthly Xxxxxxxx xxxxxxxxxx newsletter prices and does not have access to any information that suggests the published domestic prices are unreliable.

2. **Provide supporting documentary evidence.**

This question is not applicable.

B-5 Adjustments.

1. **Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.**

The deductive export price calculation is determined at the FOB point, at port of export, Korea. The largest LG PVC plant is located at Yeosu complex which is adjacent to the port of export. A minor local inland delivery to wharf fee may apply.

Published domestic prices sourced from Harriman Chemsult newsletters are understood to include delivery.

A minor upward adjustment to the published domestic price is required to account for local inland freight that is included in the deductive export price calculation. A downward adjustment to LG's normal value may be required for domestic sales that may include local freight charges (this cannot be confirmed by AVC).

AVC does not have access to information on inland freight delivery expenses for goods exported to Australia, nor does it have information on domestic freight expenses in Korea, and has not included an adjustment for either in its dumping margin calculations. AVC is highlighting the need for adjustment by Customs and Border Protection when determining normal values.

2. **State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.**

AVC does not have access to information to value the cost of inland freight or domestic freight expenses in Korea and has therefore not stated an amount for adjustment.

B-6 Dumping margin.

1. Subtract the export price from the normal value for each grade, model or type of the goods (after adjusting for any differences affecting price comparability).

Prima facie dumping margins for PVC exported from Korea to Australia are identified in Table B-6.1.

Table B-6.1 – Dumping margins on PVC exported from Korea (2011)

Month	Domestic Price	Rate of exchange A\$:KRW	A\$/MT	Deductive Export Price A\$/MT	Dumping Margin
January 2011	KRW 1160-1190/kg	1108.44	1047-1074	869	178-205
February 2011	KRW 1170-1200/kg	1123.63	1041-1068	869	172-199
March 2011	KRW 1250-1300/kg	1136.59	1100-1144	969	131-175
April 2011	KRW 1300-1340/kg	1140.44	1140-1175	945	195-230
May 2011	KRW 1320-1350/kg	1157.38	1141-1166	969	172-197
June 2011	KRW 1290-1350/kg	1149.1	1123-1175	1019	104-156
July 2011	KRW 1230-1250/kg	1134.74	1084-1102	1019	65-83
August 2011	KRW 1230-1250/kg	1110.12	1108-1126	1019	89-107
September 2011	KRW 1210-1250/kg	1128.92	1072-1107	999	73-108
October 2011	KRW 1090-1110/kg	1178.15	925-942	954	-29 to -12
November 2011	KRW 1020-1050/kg	1155.03	883-909	919	-36 to -10
December 2011	KRW 1020-1050/kg	1157.64	881-907	844	37-63

Notes:

1. Monthly Korean Domestic prices sourced from xxxxxxxx xxxxxxxxx;
2. Rates of exchange from Customs' published rates, midpoint of month used;
3. Deductive export prices based on market offers for LG Resin quoted at xxxxxxxx in 2011 – refer Confidential Attachment A-9.2 for quotes ex LG Chem.
4. Low dumping margin calculated against lowest domestic market price; higher margin determined against high domestic market price.

LG Chem is identified in AVC xxxxxxxxxxxxxx Reports throughout 2011 with the lowest price offers for imported PVC resin. The weighted average dumping margins are in the range \$71.3 to \$100.1 per metric tonne (Please refer to Confidential Attachment B-6.1 for Low and high dumping margin calculations).

2. Show dumping margins as a percentage of the export price.

Dumping margins as a percentage of deductive export price calculations are included in Table 6.2 below.

Table 6.2 – Dumping margins as a percentage of deductive export price

Month	Quantity	Deductive Export Price A\$/MT	Dumping Margin	Dumping Margin as % Of Export Price
January 2011	686	869	178-205	20.5-23.6
February 2011	30	869	172-199	19.8-22.9
March 2011	837	969	131-175	13.5-18.1
April 2011	439	945	195-230	20.6-24.34
May 2011	1752	969	172-197	17.8-20.3
June 2011	1958	1019	104-156	10.2-15.3
July 2011	2808	1019	65-83	6.4-8.2
August 2011	1960	1019	89-107	8.7-10.5
September 2011	4497	999	73-108	7.3-10.8
October 2011	984	954	-29 to -12	-3.0 to -1.3
November 2011	1674	919	-36 to -10	-3.9 to -1.1
December 2011	4874	844	37-63	4.4-7.5

Notes:

1. Quantities sourced from Xxxxxxxx xxxxxxxxxx;
2. Quantities exported from Korea in one month assumed to have arrived in same month;
3. Dumping margins determined using weighted average values at low and high end of Korean domestic price range.

AVC has calculated a weighted average dumping margin based upon deductive export price calculations for each month in 2011. The weighted-average dumping margin for PVC exported from Korea to Australia during 2011 was 7.5 to 10.5 per cent.

PART C

SUPPLEMENTARY SECTION

IMPORTANT

Replies to questions in Part C are not mandatory in all instances, but may be essential for certain applications.

You should contact the Customs Dumping Liaison Unit before answering any question in this part:

☎ (02) 6275-6066 Fax (02) 6275-6990

C-1 Subsidy

1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:

- (i) the nature and title of the subsidy;
- (ii) the government agency responsible for administering the subsidy;
- (iii) the recipients of the subsidy; and
- (iv) the amount of the subsidy.

This application is for anti-dumping measures, hence this question is not applicable.

C-2. Threat of material injury

Address this section if the application relies solely on threat of material injury (ie where material injury to an Australian industry is not yet evident).

1. Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidisation is foreseeable and imminent, for example by having regard to:

1. the rate of increase of dumped/subsidised imports;
2. changes to the available capacity of the exporter(s);
3. the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;
4. inventories of the product to be investigated; or
5. any other relevant factor(s).

In the absence of anti-dumping measures, AVC is threatened with further material injury from dumped PVC exported from Korea by LG Chemicals.

AVC understands that LG Chemicals has targeted exporting 30,000 tonne of PVC to Australia annually. In 2011, AVC estimates that LG Chem had secured approximately 25 per cent of the total PVC import volume into Australia. This was achievable for LG Chem through the undercutting of AVC's prices to its customers and the undercutting of FIS delivered prices for imported PVC from other source countries.

LG Chem's continued drive to increase PVC exports to Australia that undercut AVC's selling prices pose a real and imminent threat of future material injury to AVC.

2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.

As indicated in C-2.1, LG Chem has targeted exporting 30,000 tonnes of PVC annum to Australia. The price suppression caused by the increasing volume of LG Chemical's exports at dumped prices represents a foreseeable and imminent threat of further material injury to AVC.

C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods may form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Dumping Liaison Unit before completing this section ☒ (02) 6275-6066 Fax (02) 6275-6990.**

1. Fully describe the locally produced raw agricultural goods.

- PVC is not a close processed agricultural good.
2. **Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.**

As indicated, PVC is not a close processed agricultural good hence this question does not apply.

3. **Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.**

This question is not applicable.

4. **Provide information to establish either:**

- a close relationship between the price of the raw agricultural goods and the processed agricultural goods; or
- that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

This question is not applicable.

C-4. Exports from a non-market economy

1. **Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.**

Korea is not considered a "non-market economy" country for the purposes of Australia's anti-dumping provisions.

2. **Nominate a comparable market economy to establish selling prices.**

This question is not applicable.

3. **Explain the basis for selection of the comparable market economy country.**

This question is not applicable.

4. **Indicate the selling price (or the cost to make and sell) for each grade, model or type of the goods sold in the comparable market economy country. Provide supporting evidence.**

This question is not applicable.

C-5 Exports from an 'economy in transition'

1. **Provide information establishing that the country of export is an 'economy in transition'.**

Korea is not considered an "economy in transition" country for the purposes of Australia's anti-dumping provisions.

2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.

This question is not applicable.

3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.

This question is not applicable.

4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.

This question is not applicable.

C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B.1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Total				

Korea's exports of PVC to Australia in 2011 are understood to exceed 15,951³ tonnes. This volume represents approximately 26.6 per cent of total PVC imports in Australia in 2011.

Korean volumes, therefore account for more than 3 per cent of the total PVC import volumes into Australia in 2011.

³ Data for January to October 2011 only, sourced from TradeData International.

APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production (<i>Not Applicable</i>)
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative