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Australian Government
Australian Customs and
Border Protection Service

R E P O R T

**RESUMPTION OF INVESTIGATION INTO THE
ALLEGED DUMPING OF CERTAIN CLEAR
FLOAT GLASS**

**EXPORTED TO AUSTRALIA FROM
THE PEOPLE'S REPUBLIC OF CHINA,
INDONESIA AND THAILAND**

CASE NUMBER 159C

IMPORTER VISIT REPORT

G JAMES AUSTRALIA PTY. LTD.

1 JUNE 2011

*THIS REPORT AND VIEWS OR RECOMMENDATIONS CONTAINED THEREIN WILL BE REVIEWED BY
THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT THE FINAL POSITION OF
CUSTOMS AND BORDER PROTECTION.*

Table of Contents

Table of Contents	2
1 Background	3
1.1 Background to the current investigation.....	3
1.2 Previous clear float glass cases.....	3
1.3 Purpose of the visit.....	5
1.4 Meeting Details.....	5
2 The Goods	6
2.1 Goods under consideration.....	6
2.1.1 Tariff classification.....	6
2.2 Like goods.....	7
2.3 Descriptions of Clear Float Glass.....	7
3 Company Details	8
3.1 Commercial operations.....	8
3.1.1 Organisational structure of company.....	8
3.1.2 Functions of company.....	8
3.1.3 Accounting Systems.....	8
3.2 Seasonal Shutdown & Trends.....	8
4 Australian Market	9
4.1 Measurement of the clear float glass market.....	9
4.2 Use of Clear Float Glass.....	9
4.3 Growth of Secondary Processing Facilities.....	9
4.4 Effect of the Global Financial Crisis.....	9
4.5 Changes towards energy efficient glass.....	10
4.6 Effect of Viridian's Dandenong Plant Shutdown.....	10
5 Purchasing Process	11
5.1 Sources of Supply.....	11
5.2 Ordering Process.....	11
5.2.1 Domestic.....	11
5.2.2 Imports.....	11
5.3 Pricing.....	11
5.3.1 Domestic.....	11
5.3.2 Imports.....	12
5.4 Purchasing decision.....	13
5.4.1 Quality.....	13
5.4.2 Price.....	13
5.5 Domestic and import transactions.....	13
6 Customs and Border Protection Analysis	14

1 Background**1.1 Background to the current investigation**

On 18 February 2010, CSR Viridian Pty Ltd (Viridian) lodged an application¹ for the publication of a dumping duty notice in respect of clear float glass exported to Australia from the People's Republic of China (China), Indonesia and Thailand. Additional information was received on 10 March 2010 and 26 March 2010.

The application alleged that clear float glass exported from China, Indonesia and Thailand has been exported to Australia at prices less than its normal value and that this dumping has caused material injury to the Australian industry.

On 22 December 2010, the Chief Executive Officer (CEO) of the Australian Customs and Border Protection Service (Customs and Border Protection) terminated the investigation into the alleged dumping of clear float glass in nominal thicknesses of 3mm-12mm (the goods) exported to Australia from Indonesia, Thailand and the People's Republic of China (China).

The investigation was terminated because the injury caused by dumping was found to be negligible. Termination Report 159B and Australian Customs Dumping Notice No. 2010/48 provide details on the termination.

On 20 January 2011, Viridian lodged an application with the Trade Measures Review Officer (Review Officer) requesting a review of the decision to terminate the investigation. On 22 March 2011, the Review Officer revoked the decision to terminate the dumping investigation.

The CEO must publish a statement of essential facts as soon as practicable after the reviewable decision has been revoked². On 13 May 2011 Customs and Border Protection advised all interested parties that the investigation had resumed.

G James Australia Pty Ltd (G James) was identified as an importer of clear float glass in Customs and Border Protection's import database. G James completed an importer questionnaire during the initial investigation however was not visited as part of that investigation.

As an importer who also sources from Australian Industry, G James was selected for a visit during the resumption of the investigation. This report consolidates the discussion from that meeting.

Information provided during this visit will be used by Customs and Border Protection to assist in the preparation of the Statement of Essential Facts. Customs and Border Protection advised all interested parties that it intended to publish the Statement of Essential Facts by 29 July 2011.

1.2 Previous clear float glass cases

There are currently no anti-dumping measures on clear float glass.

¹ Section 269TB of the *Customs Act 1901*. References to any section or subsection shall be references to sections or subsections of the *Customs Act 1901* unless otherwise specified.

² In accordance with s269ZZT(2)

PUBLIC RECORD

There have been a number of previous dumping investigations, reviews and continuations into clear float glass, as detailed below:

- Trade Measures Report No. 124 of 2007 – Continuation inquiry into clear float glass exported from the People's Republic of China. Measures were not continued.
- Trade Measures Report No. 109 of 2006 – Review of variable factors for China.
- Trade Measures Report No. 106 of 2006 – Continuation inquiry into clear float glass exported from Indonesia. Measures were not continued.
- Trade Measures Report No. 60 of 2002 – Continuation inquiry into clear float glass exported from China, Philippines and Thailand. Measures were continued for China (except Luoyang glass). Measures on certain exporters from Philippines and Thailand were not continued.
- Trade Measures Report No. 49 of 2002 – Review of variable factors for China and certain exporters in Indonesia, the Philippines and Thailand.
- Trade Measures Report No. 23 of 2000 – Review of variable factors for China and certain exporters in the Philippines and Thailand.
- Trade Measures Report No. 21 of 2000 – Investigation into clear float glass exported from Indonesia. Measures imposed in June 2001 on one thickness of clear float glass exported by one exporter.
- Trade Measures Report No. 6 of 1999 – Review of variable factors for China.
- ADA 191 of 1998 – Measures on exports from Thailand, other than Bangkok Float Glass not continued.
- Customs review finding 98/07 of 1998 – Review of variable factors for China.
- ADA 186 of 1998 – Investigation into exports from Indonesia by PT Muliaglass terminated.
- ADA 177 of 1997 – Existing measures continued until November 2002 for China, a certain exporter from the Philippines and Bangkok Float Glass of Thailand. Measures for Belgium, Germany and Indonesia not continued.
- Customs review finding 97/06 of 1997 – Review of variable factors for China.
- Customs review finding 96/12 of 1996 – Review of variable factors for PT Asahimas of Indonesia.
- Customs review finding 95/03 of 1995 – Review of variable factors and normal values for Belgium, China, Germany, Indonesia, the Philippines and Thailand.
- Customs 94/03, ADA 128 and 134 of 1994 – Measures imposed on exports from Singapore with country of origin China, Indonesia, Malaysia, the Philippines or Thailand. Negative finding for exports by PT Muliaglass from Indonesia.
- Customs 93/08, ADA 109 of 1993 – Measures for Thailand extended to cover an additional exporter.
- Customs preliminary finding 93/06, ADA 104 of 1993 – Negative findings on exports from Korea and Malaysia.
- Customs preliminary finding 92/08, ADA 78 and 81 of 1992 – Measures imposed against all exporters from China and certain exporters from Belgium, Germany, Indonesia, the Philippines and Thailand. Negative finding for exports from France and Malaysia.

PUBLIC RECORD

PUBLIC FILE
FOLIO 67

1.3 Purpose of the visit

The purpose of this visit was to:

- identify G James' structure, further processing capabilities and product offerings to assist in defining the market and uses for clear float glass within Australia;
- allow G James to provide their view on the structure and dynamics of the domestic market, including identifying areas of competition within the market, impact of the global financial crisis and any seasonal market variations;
- determine G James' import processes; confirm that the data from Customs and Border Protection's import database provided is complete and accurate and relates to the goods under investigation;
- discuss the range of products imported and the rationale behind these importations;
- determine G James domestic sales processes; discuss the range of products purchased domestically and the rationale behind these purchases; and
- provide G James with an opportunity to provide comments on whether dumped imports have caused injury to the Australian Industry.

1.4 Meeting Details

COMPANY	G James Australia Pty Ltd
ABN	47 010 823 542
ADDRESS	1084 Kingsford Smith Drive Eagle Farm, QLD 4009
TEL NO	(07) 3877 2372
FAX NO	(07) 3877 2893
DATE	01 June 2011
PRESENT	G James Australia Pty Ltd Lewis Saragossi, Managing Director Greg Hunt, Director/General Manager Mark Brennan, Insurance & Import Manager
	Customs and Border Protection David Turner, Operations 2 Carl Halpin, Operations 2

Prior to the meeting G James was provided with an agenda. G James co-operated fully during the meeting.

PUBLIC RECORD

2 The Goods

2.1 Goods under consideration

The goods under consideration are clear float glass in nominal thicknesses of 3mm-12mm.

Acceptable tolerances to these thicknesses are shown below.

Nominal thicknesses (mm)	Acceptable tolerances (mm)	
	Minimum	Maximum
3	2.80	3.50
4	3.51	4.50
5	4.51	5.50
6	5.51	7.00
8	7.01	9.00
10	9.01	11.00
12	11.01	12.30

The tariff classification is important in understanding the description of the goods. Glass imported into Australia that does not fall under tariff classification 7005.29.00 is not the goods.

Customs and Border Protection is of the view that imported clear float glass must have the following characteristics to be considered as the goods:

- be in nominal thicknesses of 3mm to 12mm; and
- be transparent; flat; rectangular or square in shape.

Furthermore, Customs and Border Protection is of the view that glass with the following characteristics falls outside the description of the goods:

- Coating, colour, tint or opaqueness;
- Absorbent, reflective or non-reflective layer;
- Wired;
- Bent, edge-worked, engraved, drilled, enamelled or otherwise worked;
- Framed or fitted with other materials;
- Toughened (tempered), annealed or laminated;
- Acid etched; and
- Low iron.

2.1.1 Tariff classification

The goods are classified to tariff subheading 7005.29.00, statistical codes 2 through to 6, in Schedule 3 of the *Customs Tariff Act 1995*. The general rate of duty is 5 percent and the Developing Country Status (DCS) duty is 4 percent. China and Indonesia are subject to the DCS rate and imports from Thailand are free of duty.

2.2 Like goods

Subsection 269T(1) defines like goods to mean:

Goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

G James advised that it imports other glass products that are not the goods including:

- laminated glass;
- coated glass; and
- glass with a thickness greater than 12mm

Several of these shipments were identified from the import records as not the goods, namely those goods imported whose currency is recorded as Euros.

2.3 Descriptions of Clear Float Glass

G James explained the different descriptions of clear float glass, stating that "glass is not just glass" but instead is described based on its quality as follows:

- FRS / GTT: General Use Glass is generally used in toughening or framed and used in windows. G James advised that although some companies refer to FRS and GTT as differing quality glasses, it is G James' opinion is that these classes were effectively the same;
- LamArch: This glass is of a higher quality than FRS/GTT and is used for laminating purposes; and
- AIRCO: This glass is of a higher quality than Laminating glass and is used for coating purposes. This range of glass must be less than 3 months old as older glass weathers and thus is no longer of a quality high enough to be coated.

G James also commented that the quality of glass refers to the number of defects present within the glass.

3 Company Details**3.1 Commercial operations****3.1.1 Organisational structure of company**

G James is a privately owned company. G James' head office is located in Eagle Farm, Queensland; however it has branches located in all capital cities as well as outpost sites in regional areas across Australia.

G James also wholly owns a glass laminating plant in Malaysia, however the company advised that it has no shares or interests in any other glass companies in Australia. G James purchased some smaller glass and aluminium companies in regional areas after the period of investigation.

3.1.2 Functions of company

G James stated that it is a secondary processor/fabricator of clear float glass and is a wholesaler/ distributor of various types of glass products. G James also runs an aluminium extrusion operation from which it produces, amongst other products, frames for its windows. G James explained that it purchases clear float glass for processing/fabricating into toughened, laminated, double glazed and coated windows for the residential and commercial markets.

3.1.3 Accounting Systems

G James stated that during the investigation period it used Wilson's accounting system but had since transitioned to Oracle.

3.2 Seasonal Shutdown & Trends

G James advised that the following seasonal variations occur in their sales figures:

- Christmas New/Year building industry shutdown during January;
- April is generally a low month as a result of the reduced working days over the Easter Break; and
- October and November are their busiest months.

G James stated that since the global financial crisis, it has noticed an increased uptake of leave within the building industry which has extended the effect of the seasonal downturns as workers take more days off during these traditionally quiet periods due to a lack of available work.

4 Australian Market**4.1 Measurement of the clear float glass market**

G James stated that the total clear float glass market should consist of all clear float glass produced by Viridian (excluding that which is produced for the automotive industry, and those entered into stock) and the total amount of clear float glass imported.

The original investigation's definition of the market size (which excluded Viridian Upstream transfers) was discussed and G James responded that they did not believe that upstream transfers should be excluded from the total market. G James believes that Viridian is in a position to provide full production volumes to quantify the G James assessment of the total market size.

4.2 Use of Clear Float Glass

G James provided a view that nearly all clear float glass, either produced in Australia or imported, is either cut or further processed in some manner before being sold to end-users.

G James noted that as building codes have changed, the requirement for the further processing of glass has increased. Examples included the requirement for stronger (laminated or toughened) glass depending on the height of the glass and the increased use of glass in doors (e.g. sliding, bi fold and entry doors).

4.3 Growth of Secondary Processing Facilities

G James stated that the number of companies operating secondary processing facilities in Australia had increased over the past years. [REDACTED]
[comments on secondary processing market]

G James acknowledged that some of their business would have gone to these smaller processors as a result of operating at capacity of higher yield products during the years prior to the global financial crisis. G James and Viridian were subjected to increased competition from these smaller secondary processing businesses.

4.4 Effect of the Global Financial Crisis

G James advised that for approximately 8 years prior to 2008 it was operating at capacity and as a result had allowed some of the lower value added products to be taken up by its domestic competitors while it focussed on the higher yield, value added processed products.

During 2009, G James' sales volumes decreased approximately [REDACTED]%, followed by a further reduction of [REDACTED]% in 2010 and an approximate [REDACTED]% reduction in 2011 as a result of the decreased demand for building products resulting from the global financial crisis. G James advised that large scale production projects require approximately 2 years of planning and therefore the global financial crisis had a delayed effect on the building and construction market. G James believes the market has not yet reached the bottom. G James estimates that they currently have approximately [REDACTED]% of unused capacity as a result of the global financial crisis.

Factors that have affected the market as a result of the global financial crisis include the lack of funding availability and the increasing value of the Australian dollar. G James noted that both global capacity and overseas direct competition in the curtain wall and window industry can affect the price of clear float glass.

Although allowing the lower value work to be shifted to competitors is sustainable during busy periods, this lower yielding work is required during slow periods to cover production costs. Some of this work has not been recouped from G James competitors since the onset of the global financial crisis, resulting in sales volumes reducing. The effect of imports is only felt during periods of reduced activity in Australia.

4.5 Changes towards energy efficient glass

Viridian's annual reports noted that energy efficient glass products were beginning to grow in the market. G James was asked their view and stated that the uptake was dependant on the location where the glass is being sold. G James presented analogies in climates around the world and stated that although Melbourne was perceived to be a cold climate, on a global scale it was quite temperate and thus the uptake of energy efficient glass was less than in overseas markets where insulation is more essential.

4.6 Effect of Viridian's Dandenong Plant Shutdown

G James advised that it experienced no significant reduction in service from the refurbishment of Viridian's Dandenong plant. In the lead up to the shutdown, G James built up stock in all its warehouses to ensure supply during the period. It believes it may have imported slightly more during this period, however it doesn't believe it was a significant volume.

5 Purchasing Process

5.1 Sources of Supply

G James advised that it sourced the majority of its clear float glass requirements from Viridian supplemented by imported clear float glass. G James advised that approximately █% of its clear float glass requirements is sourced from Viridian, with the remainder from imports. G James advised that it is a reality of business that requires it to source from more than one supplier. Viridian is the only local supplier, and thus G James is required to import clear float glass to ensure business continuity should something affect Viridian's ability to supply.

G James stated that it has a unique position with Viridian as it is a major customer of Viridian's upstream business for clear float glass while at the same time being a competitor of Viridian's downstream sales of further processed glass.

5.2 Ordering Process

5.2.1 Domestic

█
[ordering process]

G James advised that the average time from order to delivery is █.

5.2.2 Imports

G James is supplied with 3-12mm clear float glass from █ and 3-6mm clear float glass from █. During the visit G James stated that the majority of imported glass was either █ or █ mm glass which was confirmed after analysis of Customs and Border Protection's import database.

█
[ordering process]

G James advised that the average time from order to delivery is █.

5.3 Pricing

5.3.1 Domestic

G James stated that it operates off formal price lists with Viridian which are reviewed as required. Traditionally this has been yearly, however there has been no set expiry date for price lists. The prices represent the total cost payable, no further consideration is made in regards to the transaction nor are rebates offered. During the investigation period the list prices for G James included all freight costs however recently G James has requested that freight be listed separately on the invoice to assist their accounting systems.

During the investigation period, prices were separated between metropolitan destinations (which include surrounding major cities such as Toowoomba in QLD and Newcastle in NSW) and non-metropolitan branches with a █% price

difference between them. Under this freight pricing structure the price for Cairns was the same as Gladstone, however under the new freight pricing structure the total price (including the additional freight charge) for Gladstone is less than Cairns, reflecting the cost of transportation. All shipments are 20 tonnes and the price is valid for all sizes of glass (e.g. regardless of the container size it would require – Standard, Jumbo etc) and is made on an open account with Viridian.

[REDACTED] [comments on pricing] G James advised that import prices are affected by the value of the Australian dollar.

When negotiating prices, Viridian provide G James with historical volumes which, although not specified in the price lists are assumed to be the volume of sales that G James will purchase from Viridian over any given period. Thus no volume discounts are applied to individual orders as the price assumes an overall total volume across a period.

G James noted that Viridian normally issues a price rise around February to April however due to the global financial crisis and subsequent reduction in the market, G James was able to stave off some price increases in recent years. G James stated that the appreciation of the Australian dollar has also suppressed Viridian's ability to increase prices.

G James stated that the imported price was cheaper than the prices offered by Viridian, however G James considers that a price premium should be afforded to Viridian to account for the benefits of being a local supplier. This premium was traditionally in the vicinity of 7.5 to 10% however this reduced over the investigation period to approximately 5% as a result of the strengthening Australian dollar and the global financial crisis.

G James noted that although it is a major customer of Viridian's upstream business, it is also a major competitor of Viridian's downstream business. Thus commercial activity by Viridian's downstream sales of secondary processed glass can affect sales of primary processed glass to G James.

5.3.2 Imports

G James stated that like domestically produced goods, there were no formal contracts in place with overseas suppliers and prices are negotiated regularly with these suppliers. Of note, the overseas price, although in Australian dollars is heavily influenced by currency fluctuations. G James also noted that overseas freight prices have reduced in recent years, estimating that a standard sized container could be shipped to Australia for approximately \$1,000. This has made the cost of imported product cheaper.

Prices for imported glass, in addition to the thickness of the glass, were based on size, with larger sheets of glass being more expensive than smaller sheets as these require larger container sizes such as oversize or jumbo to accommodate the larger sheets of glass. Additionally, cut to size glass attracted a higher price.

G James believes that the price of clear float glass in the Australian market is representative of that globally, with the exception of China which tends to supply lower quality clear float glass.

G James noted that imports have become cheaper as a result of the increasing value of the Australian dollar, which has made imported goods more competitive. G James claimed that although import prices are negotiated in Australian dollars,

PUBLIC RECORD

the increase in the value of the Australian dollar is a major factor that is considered when import prices are negotiated.

5.4 Purchasing decision

G James stated that it purchases a base volume from Viridian (approximately █%) and the remaining from imports. This purchasing decision is based on:

- Quality of the glass;
- Price; and
- Quality of service.

5.4.1 Quality

G James stated that it only purchases high quality glass from both Viridian and Tier 1 overseas suppliers. G James advised that it takes pride in providing its customers with high quality products by only using high quality clear float glass in its further processing/ fabricating, while it claimed some of its competitors use lower quality glass. G James believes that if it chose to use this glass it would be available significantly cheaper than the glass it imports.

5.4.2 Price

G James stated that its competitors are using what it believes to be cheaper imported glass to fabricate cheaper fully assembled products. G James stated it is a reality of business that Viridian's price to G James for clear float glass is linked to the price of imported clear float glass so that G James can remain competitive in the processed glass market.

G James claims that there had been no significant fluctuations in the price for the last 2 to 3 years.

5.5 Import transactions

G James confirmed that the Customs import database record of its import transactions during the investigation period is complete and accurate.

5.6 Domestic transactions

Customs and Border Protection compared G James' purchases from Viridian to G James' imports to analyse price and volumes across the investigation period. The purchase details provided by G James were verified against the sales data provided by Viridian for the goods under concern.

Customs and Border Protection is satisfied that G James purchases of clear float glass from Viridian are not subject to rebates.

6 Analysis of volumes and prices

Customs and Border Protection examined G James monthly volumes and prices using Viridian sales data and import data from the Customs and Border Protection import data base across the investigation period. The Viridian price is a weighted average delivered price which has been compared to a free-into-store weighted average import price based on importation costs of the most efficient importer as determined in the original investigation.

An analysis of the thickness of clear float glass imported and purchased from Viridian by G James indicates that G James imports the same thicknesses of glass as it sources from Viridian. It is therefore reasonable to compare a weighted average import price with a weighted average Viridian price.

[Chart 1]

The chart indicates that G James volumes of locally sourced and imported clear float glass fluctuated throughout the investigation period. In particular, the chart indicates that both volumes of locally sourced and imported CFG declined during the period December 2009 to February 2010 which coincides with the summer slowdown in residential and commercial building construction.

[Chart 2]

The chart indicates that both the Viridian price and the import price fluctuated throughout the investigation period. In particular, the chart indicates that the Viridian price is higher than the import price in most months of the investigation period.