NON-CONFIDENTIAL

David

The following comments relate to the record of meeting with Guardian (Public File 48-49). Some of these comments were made at our meeting in Canberra on Thursday 7 July.

Guardian stated:

Viridian cannot produce enough clear float glass to satisfy the Australian market and therefore the market must be supplied by imports.

> Viridian's capacity of its two float lines was discussed at the meeting.

The Guardian record of meeting noted:

Viridian's downstream business competes with customers of Viridian's upstream business and most large glass fabricators buy clear float glass from Viridian and importers.

> The interaction of Viridian downstream and Viridian upstream was discussed at the meeting. This discussion covered pricing of external sales and internal transfers which was also documented in the original investigation.

The Guardian record of meeting noted:

This dumping margin is close to de minimis.

> Viridian notes that the 3.5 percent dumping margin is a weighted average dumping margin and that the dumping margins by thickness would vary. It is not relevant to compare the weighted average dumping margin to the de minimis level.

The Guardian record of meeting noted:

Guardian submitted during the original investigation that given its low dumping margin and the impact of other significant factors, exports from Guardian and Thailand could not have caused material injury to the Australian industry.

> As stated before the weighted average dumping margin of 3.5 percent does not reveal the dumping found per thickness. A weighted average margin of 3.5 percent is significant in a business such as Viridian where volumes and high fixed costs are characteristic of the business. The original investigation found that customers purchasing from Viridian and Guardian provided evidence to show that Guardian was substantially undercutting Viridian's prices at the relevant level of trade.

The Guardian record of meeting referred to other factors such as:

Global contraction of the building and constructed market due to the ongoing effects of the global financial crisis.

> Viridian's submissions during the original investigation and its submission of 1 July 2011 demonstrated that the market did contract in YEM2010 but the effects of dumping were still causing material injury to Viridian in that period.

Refurbishment of the Dandenong plant.

> This was a planned event as the Dandenong plant was at the end of its cycle. Viridian provided evidence in the original investigation and in its submission of 1 July 2011 that there have been substantial cost savings subsequent to the refurbishment.

Viridian has been struggling with significant internal factors since 2008:

- Integration of the Viridian glass business with CSR;
- The performance of Viridian's downstream business.

> CSR purchased the Viridian business in 2007. Viridian does not agree that the integration of the Viridian glass business with CSR detracts from the causal link as shown in the original Statement of Essential Facts. Viridian provided evidence during the original investigation and in the resumed investigation demonstrating the improvement in Viridian's downstream business.

Viridian downstream's business competes with Viridian upstream's major customers.

> This is a commercial reality and the pricing impacts have been discussed with Customs and referred to in the Statement of Essential Facts and the Termination Report.

Strength of the Australian dollar makes imported float glass more price competitive:

> Unfortunately the strength of the Australian dollar does not remove the pricing advantage attributable to the dumped imports from China, Indonesia and Thailand.

Despite those factors, Viridian's performance has improved as evidenced by CSR Limited's recent financial reports and publications.

> General comments uplifted from the above documents do not over-ride the detailed financial analysis undertaken by Customs in the original investigation and the resumed investigation.

The Guardian record of meeting noted:

Guardian referred to the termination provisions of the Customs Act, in particular s269 TDA (13) which requires the CEO to terminate an investigation in relation to a particular country if goods exported from that country at dumped prices caused no injury or negligible injury to the Australian industry.

> Viridian does not believe that the conditions for termination exist and Viridian did not agree with the basis for the termination of the original investigation.

Regards
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