

ew9 March 2023

[REDACTED]  
Case Manager  
Investigations 3  
Anti-Dumping Commission  
GPO Box 2013  
Canberra ACT 2601

Dear Mr Hawke

**Public File**

**investigation No. 609 – Review of variable factors – Importer Verification Report – Mega Stone Aluminium Pty Ltd**

**I. Introduction**

We refer to the Mega Stone Aluminium Pty Ltd (“Mega Stone”) Importer Verification Report recently published in review of measures Investigation No. 609.

Mega Stone was previously known as “Mega Stone Developments Pty Ltd”. In Review of Measures Investigation No. 482 (“Invest 482”) the importer was identified as “Mega Stone Aluminium Pty Ltd” and it identified three suppliers of aluminium extrusions in China that it sourced aluminium extrusions (“the goods”) from. In the current review of measures investigation, Mega Stone claims Goomax Metal Co., Ltd (“Goomax”) is its sole Chinese supplier of the subject goods.

Mega Stone therefore has a lengthy history as an importer of aluminium extrusions from China.

**II. Importer Verification Report**

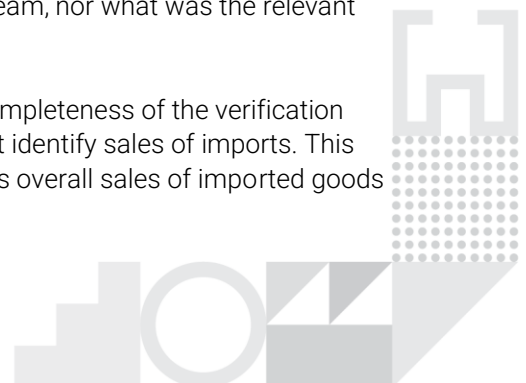
The Mega Stone Importer Verification Report (“the Report”) states that the importer did not have any related party customers or suppliers during the investigation period.

It is noted that the Anti-Dumping Commission (“the Commission”) was able to verify sales and costs to Mega Stone’s records for the goods sourced from the exporter, Goomax during the investigation period. However, the Commission’s investigation team encountered difficulties in determining the profitability of the selected shipments for verification as Mega Stone’s “accounting system does not link sales to imports”.

Following consideration of the available information and a range of assumptions being considered, the Commission concluded that the selected 10 shipments were “overall profitable”.

The Report does not detail what the assumptions made by the Investigation Team, nor what was the relevant information considered.

Capral questions whether the Commission can in fact be satisfied as to the completeness of the verification process where it is determined that the importer’s accounting system does not identify sales of imports. This would appear to represent a significant concern in accepting that Mega Stone’s overall sales of imported goods can be considered “profitable”.



III. Arms length export sales

The Report indicates at Section 6.5 that the Investigation team was satisfied that sales between the exporter (Goomax) and the importer (Mega Stone) are at arms length.

Capral respectfully challenges this conclusion when the Verification team concluded that Mega Stone's internal accounting system could not link sales to imports. This would seem to represent a significant shortcoming in the verification of Mega Stone's sales.

Capral highlights with the Commission Goomax' representations in Invest 482 where it stated that Goomax "manufactures and sells ordinary aluminium extrusions<sup>1</sup>" and not high-end, high value aluminium extrusions. It is the predominantly low value-add goods (i.e. mill finish, and to a lesser extent powder coated goods which Goomax specializes in) that full cost recovery is central to the profitability of those goods when exported to Australia. Capral remains concerned that the failure of Mega Stone's accounting system to accurately record sales of imported goods must raise alarm bells as to whether it can be concluded that the export sales to Australia can be considered arms length.

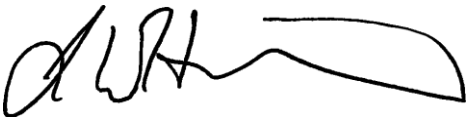
IV. Conclusions

The Commission's report for Mega Stone includes findings as to the overall profitability of sales of imported aluminium extrusions by Goomax that cannot be validated using Mega Stone's accounting software due to the failure of the system to link sales of imported goods.

It must be further questioned whether the Commission can be satisfied that the sales of imported goods (not linked in Mega Stone's accounting system) can be considered arms-length in nature.

If you have any questions concerning this submission 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

<sup>1</sup> Refer EPR Document No. 482-052, Investigation No. 482, P. 3.

