

1st April 2019

The Director
Investigations 3
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

Email: investigations3@adcommission.gov.au

Public File

Dear Sir/Madam

Review Investigation No. 497 – Exporter Questionnaire Response - Guangdong Huachang Aluminium Factory Co., Ltd

I refer to the Exporter Questionnaire Response (“EQR”) provided by Guangdong Huachang Aluminium Factory Co., Ltd (“Huachang”) recently placed on the EPR (EPR Document No. 005).

Capral Limited (“Capral”) notes that Huachang has indicated that it exported one shipment of goods the subject of anti-dumping measures to Australia during the review period. It is also observed that Huachang states that it exported aluminium profiles and aluminium windows to Australia (i.e. goods that it refers to as “two models” exported to Australia).

Huachang has provided details of its cost to produce the subject goods at Section G of the EQR. It appears that Huachang allocates production costs on the basis of model finish. It is not clear whether there is a single finish that covers differing grades. If this is the case, the Anti-Dumping Commission (“the Commission”) may require Huachang to provide a further breakdown of models within finish grade (particularly if there is a large cost differential between models within the finish category).

Huachang states¹:

“When Huachang allocates total actual cost of finished goods between different models, Huachang uses a group of allocation ratios which were designed by Huachang in accordance with consumption levels of different models.”

Whilst it would appear that Huachang does allocate on a fully-absorbed cost basis, the Commission is requested to investigate further Huachang’s allocation methodology to establish that it is reasonable.

Consistent with other manufacturers and exporters of aluminium extrusions to Australia, it is anticipated that Huachang incurs different costs for packing associated with the exported goods when contrasted with packing costs incurred on domestic sales. Capral has referenced the cost differentials in its 20 February 2019 submission.

¹ Refer Guangdong Huachang Aluminium Factory Co., Ltd EQR, Section G 2.

It is important for the Commission to further investigate Huachang's purchases of raw material aluminium ingot. Huachang states that it purchases "most" of its aluminium from non-SOEs (i.e. non-state Owned Enterprises). This comment would appear to suggest that some purchases by Huachang are from SOEs.

Capral notes that in its EQR at Section H-1, Huachang confirms that it receives a benefit from the Government of China ("GOC") under Program 47 for its designation as a "High and New Technology Enterprise". As such, Huachang is eligible to a reduce rate of company tax levied at the concessional 15 per cent level. This benefit translates to a countervailable subsidy that Capral anticipates that the Commission can quantify for the review investigation period.

Huachang's response at Section H-2 indicates that it has not received any grants from the GOC that delivered it a benefit during the investigation period. Capral requests the Commission to further investigate Huachang's response to its claim that it has not received financial grants as it is evident from other Chinese exporter's responses (in Investigations 392 and 482) that grants are paid to manufacturers and exporters of aluminium extrusions under the identified "grants" programs.

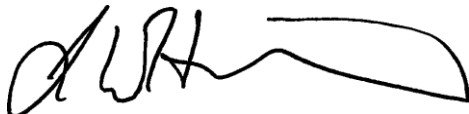
Huachang has confirmed that it has received benefits under additional programs (refer its "Exhibit 33") where it was not required to make an application or secure approval from the GOC.

In light of the responses in Huachang's EGR at Section H, Huachang will attract a rate of countervailable subsidy as determined in this current review.

Capral also draws to the attention of the Commission the need to adjust for the difference in VAT paid on domestic versus export markets for the goods under consideration. An uplift of Huachang's normal value will be required for this VAT differential.

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



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