



PUBLIC FILE  
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**Non Confidential**

The Director  
Operations 1, International Trade Remedies Branch  
Australian Customs and Border Protection Service  
5 Constitution Avenue  
Canberra ACT 2601

2-04-12

Dear Director,

Thank you for the opportunity to put forward information in relation to  
**Polyvinyl Chloride Homopolymer Resin (PVC) exported from Japan,**  
**Initiation of continuation inquiry.**

Chemiplas Australia Pty Ltd is an importer of PVC resin from Japan. We  
represent Shin – Etsu in the Australian market.

The following pages are a summary of how we see the Australian market.

If you require any further information please do not hesitate to contact me.

Yours faithfully,

David Murton

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(based Brisbane branch)

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**PVC Market in Australia**

With AVC Australian plant capacity being at 140,000 tonnes per year and the import statistics showing 64442 metric tonnes this would give a possible yearly tonnage of over 200,000 tonnes for the Australian PVC market in 2011. Imports account for approximately one third of the total market and this is most likely to increase as AVC loses their competitiveness with an inefficient plant and lack of integration.

SEA suppliers are likely to become key to the Australian market due to locality, feedstock, competitiveness and increases in capacity.

**Table 1.1 Imports mt's from Japan, NCD, Thailand, Korea and others**

<b>Country</b>	<b>2011</b>
Japan	17*
Korea	3631**
NCD	34104***
Thailand	22086
Other	4572****
<b>Total</b>	<b>64412</b>

Approximate imports of PVC resin into Australia for 2011 was 64412 metric tonnes

\* 17mt as per AVC application

\*\* Korea figure from Jan 11 to 30th of June 11. 1st of July 11 Korea figure comes under NCD.

\*\*\* NCD No Country Detail, Indonesia, Malaysia and Taiwan Jan 11 – Jun11

NCD No Country Detail, Indonesia, Malaysia, Taiwan and Korea from Jul 11.

\*\*\*\* Other includes countries such as Sweden, Singapore, Portugal France, and China.

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### PVC export prices to Australia.

AVC mention in their application on page 4 <sup>quote</sup> Imports of PVC from Japan during 2010 were at A\$FOB values that were competitive with imports from other source countries <sup>unquote</sup>. Unfortunately PVC resin from Japan has a 5% duty payable and we have a higher shipping cost compared to countries such as Taiwan and Thailand.

Due to the lack of imports from Japan and Korea becoming under NCD from the 1<sup>st</sup> of July 11, January 11 was the only month to compare pricing. (See table 1.2)

**Table 1.2 PVC imports from Japan, Korea, NCD and Thailand A\$ / MT January 2011**

Country	MT's	FOB A\$ / MT
Japan	17	1072
Korea	496	1024
NCD*	2071	1001
Thailand	1248	1085

\* NCD No Country Detail Indonesia, Malaysia and Taiwan.

When you take into account Thailand and some NCD Countries are duty free and also have cheaper freight rates, you would think these countries would be more of a threat.

AVC state that exports of PVC from Japan to New Zealand has increased from 2,371 tonnes in 2009, 2293 in 2010 (decrease from the previous yr) and then approximately a 54% increase in 2011 to 3,538 tonnes. The main reason for this increase in volume was due to Shin-Etsu's plant being shut down in 2011 for a period of time due to the Earthquake and Tsunami that hit Japan. When it restarted they wanted to run at 100%, so Chemiplas New Zealand ordered from Japan instead of USA to help them. It also was more beneficial for Chemiplas NZ to buy from Japan as the freight cost at the time was better than from USA.

With a strong YEN it made Japanese origin PVC resin not very competitive on the world market and they were down 35.3% in 2011 compared to 2010 (see

confidential attachment 1.3). Japan's domestic market was subdued due to the Earthquake and Tsunami.

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Japan's export market is expected to decrease with the strong yen, export demand for VCM and the domestic market will grow when rebuilding commences in the earthquake affected areas.

**Will future imports of PVC from Japan cause injury, or threaten to cause injury, to the Australian Industry?**

AVC states that they have experienced an erosion of their margin over their costs. It is very hard to compare the AVC Plant to others in the World because of the age of AVC plant and PVC plants such as Shin-Etsu in Japan produce their own VCM and not import from another Country as AVC do. Importing the VCM from places such as the USA, shipping to Victoria and then by road to their plant adds cost to the production of PVC resin and importers of PVC should not be penalised for AVC inefficiencies.

Why should the Australian industry suffer because of AVC outdated plant and not be able to compete against finish product coming into Australia.

You cannot continue to compare the Australian market and the New Zealand market as the New Zealand market is a free market due to no local manufacturer and the price is set by the market. You also have Shin-Etsu who have supplied the New Zealand market for over 30 years and they have a strong history with long established customers.

The import statistics of PVC resin into New Zealand shows that Thailand is the biggest exporter of PVC in 2011. This is a country where their resin is duty free into Australia. There are no other restrictions against their resin.

One of the main reasons that Japan PVC resin will not cause damage or injury is due to Shin-Etsu resin coming into Australia in 25 kg bags. It is uneconomical to import 1.1mt bulk bags due to the small volume that fits into a 20'FCL. AVC states on their website that around 80% of their PVC resin is supplied in bulk road tankers. That leaves approximately 20% to be packaged in bags. Not sure if that means 25 kg bags and bulk bags. In any case we would only be competing in a small area and we would most likely be competing against AVC with their **Imported** PVC resin, not locally produced PVC. If AVC is worried by Australian companies importing PVC resin in opposition to them then they should be either a manufacturer or an importer not both.

Table 1.1 import stats from ABS (-32mt from Japan as per AVC application) (confidential attached)

Table 1.2 import stats from ABS (confidential attached)

Confidential Attachment 1.3 Source plastemart.com