

10 July 2019

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## Public File

Dear Sir/Madam

### Review of Measures Investigation No. 509 – EverPress Aluminium Questionnaire Response

#### I. Exporter Questionnaire

I refer to the EverPress Aluminium Industries Sdn Bhd (“EverPress”) exporter questionnaire response (“EQR”) at EPR Document No. 007. Capral Limited (“Capral”) seeks to comment on the EverPress, and address relevant considerations in this review of measures investigation.

#### II. Changes in variable factors

The current anti-dumping measures applicable to EverPress were implemented following Report No. 362. In that investigation, EverPress was considered an uncooperative exporter by the Anti-Dumping Commission (“the Commission”). Exports of aluminium extrusions to Australia by EverPress therefore attracted the ‘All other exporters’ rate which was a rate of 16.2 per cent – including a 13.0 per cent rate of interim duty and a 3.2 per cent rate of interim countervailing duty.

The investigation period for Investigation No. 362 was 1 July 2015 to 30 June 2016. Over the ensuing period to the current investigation period – 1 April 2018 to 31 March 2019 – the variable factors applicable to exporters in Malaysia have changed. Consistent with the recent findings in Investigation 490 and 494 involving exports of aluminium extrusions to Australia by Alumac Industries Sdn Bhd of Malaysia, each of the variable factors applicable to Alumac had altered since the original investigation period.

Capral considers that the changes in the London Metals Exchange (LME) price for aluminium, major Japanese Port (MJP) premium and alloy premiums have impacted the variable factors applicable to Malaysian exporters (including EverPress) since the 1 July 2015 to 30 June 2016 investigation period (of Investigation 362).

These changes have resulted in increases export prices and normal values in the range of 20 to 30 per cent.

#### III. Relevant considerations

It is noted that EverPress exports to Australia via an agency/distributor (Lover-Lite). Normal values for Malaysian exporters in Investigation 362 were determined on the basis of domestic selling prices. Capral anticipates that the Commission will examine whether domestic sales by EverPress are via an agent/

distributor or direct to customer. It will be relevant for the Commission to consider where there is an absence of comparable domestic sales for EverPress, whether an upward adjustment to EverPress' normal value is required for the role of the agent/distributor that is evident for EverPress' export sales to Australia.

Capral notes that EverPress operates its own "tailor-made" financial systems (for both costs and sales). Capral encourages the Commission to fully test the accuracy of the EverPress financial system and contrast prevailing LME and MJP costs with third party purchase prices for EverPress' aluminium ingot supply. It will also be appropriate to examine the cost allocations of EverPress to ensure these accurately reflect production time and costs for aluminium extrusions (i.e. the goods").

Capral also observes from the EverPress EQR that the exporter states that export prices are fixed in accordance with a 'price list' (although domestic selling prices are 'negotiated'). This claim requires vigorous scrutiny as to whether EverPress does in fact price its exports according to a price list, as this is not common within the aluminium extrusions industry particularly for commodity mill-finish extrusions.

At Section C of the EverPress EQR it is confirmed that EverPress exports mill-finish, anodized and powder coated goods to Australia. Goods sold by EverPress on the domestic market appear to be predominantly mill-finish, with a couple of anodized models. Capral submits that the Commission must consider an appropriate upwards adjustment to EverPress' normal value for powder coated goods (for which there are no equivalent domestic sales) that includes the cost of powder coating plus a margin.

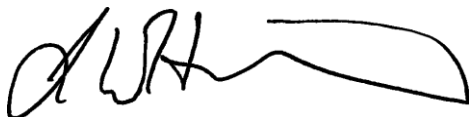
EverPress is seeking adjustments to normal values to reflect differing payment periods between domestic and export markets and packaging. It is also noted that it is stated that until 30 May 2018 there was a 6 per cent gst on domestic sales of aluminium extrusions sold in Malaysia. It is claimed the gst was abolished on 1 June 2018 – this requires further investigation by the Commission.

In respect of packaging costs, Capral anticipates that consistent with previous investigations by the Commission that costs incurred by the exporter for packaging of the goods differ between domestic and export sales. Capral has previously advised the Commission that that packaging costs for export are typically higher than domestic packaging costs, including for steel trolleys, wooden crates and inter-leave paper. In recent investigations involving exporters in China, Malaysia and Vietnam, some exporters have claimed no difference between domestic and export packaging costs, however, the Commission has established this not to be the case. Recent investigations (including 362, 392, 442 and 492) have confirmed the existence of these costs for export sales of the goods to Australia necessitating an upwards adjustment to the Chinese exporter's normal value.

Capral has observed that the EverPress EQR states that EverPress is not in receipt of any tax benefits from the Government of Malaysia. Capral has made a previous submission in this regard and anticipates the Commission will fully investigate EverPress' claims in this regard (refer Capral submission at EQR Document 006).

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  
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