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The Director - Investigations 2
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

**Accelerated review into aluminium extrusions exported by
Foshan Minghua from China**

Dear Director,

This submission is made on behalf of the Foshan Minghua Doors & Windows Aluminium Co., Ltd (Foshan Minghua) in response to the submission by Capral Limited (Capral), dated 21 June 2019.

Capral makes a number of points with respect to the proposed normal values to be determined by the Anti-Dumping Commission (the Commission) in Foshan Minghua's accelerated review of aluminium extrusions.

Benchmark aluminium costs

Capral submits that the replacement primary aluminium benchmark cost should include:

- the cost of primary aluminium (typically linked to LME price);
- a regional premium;
- inland transport costs; and
- a billet premium reflecting the additional cost to convert an ingot into a billet for use in the manufacture of the goods.

Whilst Foshan Minghua disagrees with the Commission's proposed methodology for replacing actual incurred raw material aluminium costs, it notes and understands that this practice has been adopted and applied in reviews following the imposition of duties.

Form of measure

Capral notes that in circumstances where a new exporter has not exported goods during the nominated review period, the Minister has endorsed the policy of setting the ascertained export price equal to the determined ascertained normal value. In doing so, Capral considers it appropriate for the Commission to recommend a floor price which includes a combination or 'fixed and variable' measure, whereby duty is imposed in circumstances when future actual export prices fall below the ascertained export price.

Foshan Minghua disagrees with this approach, but again notes that the Commission has commonly utilised the floor price measure which allows for a variable component of duty to be collected to ensure that export prices do not fall below the ascertained normal value.

Countervailing

PUBLIC VERSION

Capral asserts that it has information which suggests that Foshan Minghua has been in receipt of tax benefits which reduces the applicable tax rate. Foshan Minghua notes that the Commission has requested Capral to present this information to them to assess its veracity and compare with information submitted in the exporter questionnaire response. Foshan Minghua supports the Commission's request to Capral.

Foshan Minghua also wishes to clarify its statement in its application which was incorrectly referenced by Capral in its submission. In its submission, Capral misquotes by suggesting that Foshan Minghua highlighted *'that only two of the 65 subsidy programs (Programs 8 – Patent Award for Guangdong Province and Program 48 – Provincial Government of Guangdong tax offset for R&D) identified by the Commission are available to companies in that location.'*

This is incorrect. In its application, Foshan Minghua stated that *'[i]n the case of the grants,.... 'only two of the grant programs (programs 8 and 48) are available to entities in this location.'* So the reference to two programs being applicable to entities located specifically in Guangdong, applies only to the grant programs countervailed by the Commission.

Further, Foshan Minghua confirmed that of the tax related programs, *'none are applicable to Minghua as it is not a foreign-invested enterprise, does not have exports and is not located in specific regions.'* This is supported by the following documentation contained in its exporter questionnaire response, which confirms that Foshan Minghua did not receive any preferential tax rate or deduction to the corporate base rate of 25%:

- 2016, 2017 and 2018 tax returns;
- 2016, 2017 and 2018 tax payment vouchers.

Therefore, the Commission must reject Capral's comments as a baseless assertion.

John Bracic