

11 December 2019

Case Manager  
Investigations 4  
Anti-Dumping Commission  
GPO Box 2013  
Canberra ACT 2601

Email: [investigations4@adcommission.gov.au](mailto:investigations4@adcommission.gov.au)

### **Public File**

Dear Sir/Madam

#### **Accelerated Review Investigation No. 530 – Foshan Lvqiang Metal Product Co., Ltd**

##### **I. Introduction**

I refer to the application for an accelerated review of measures by the Chinese exporter Foshan Lvqiang Metal Product Co., Ltd (“Foshan Lvqiang”).

Anti-Dumping Notice No. 2019/131 (“ADN 2019/131”) published on 25 October 2019 notified the commencement of the investigation.

On 10 December 2019 Foshan Lvqiang’s exporter questionnaire response (“EQR”) was placed on the public record. Capral Limited (Capral”) has reviewed Foshan Lvqiang’s EQR and provides the following comments.

##### **II. Foshan Lvqiang’s EQR**

Foshan Lvqiang has not exported aluminium extrusions to Australia. The applicant has only made domestic sales of aluminium extrusions during the investigation period.

Foshan Lvqiang has provided the Anti-Dumping Commission (“the Commission”) with cost-to-make-and-sell (“CTMS”) data for the investigation period. As aluminium extrusions sold in China are the subject of Government of China (“GOC”) influence, a constructed normal value based upon Foshan Lvqiang’s costs with a raw material aluminium ingot price based upon the London Metal Exchange (“LME”) price for the period will apply.

##### **III. Relevant considerations**

In the recent Review Investigation No. 482 involving exports of goods from China the Minister accepted that primary aluminium costs in China were distorted by the government and this had a significant impact on the selling price for aluminium extrusions sold in China. It was further accepted by the Minister that a ‘particular market situation’ applied in China in respect of aluminium extrusions (i.e. the goods”) sold domestically.

Capral submits that a particular market situation for the goods has continued during the investigation period for this accelerated review investigation for Foshan Lvqiang and that it is necessary to surrogate a benchmark primary aluminium price in the Chinese exporter's cost records.

Capral refers the Commission to the following methodology for an appropriate replacement cost for purchased aluminium (as per Investigation No. 482) that must reflect the sum of:

- Aluminium at the prevailing London Metal Exchange ("LME") cash rate for the period; plus
- Billet premiums; plus
- Major Japanese Port ("MJP") premium that is applicable to all aluminium purchases in South East Asia, including Chinese manufacturers.

The Chinese exporter's aluminium cost in their respective constructed normal value must, as a minimum, reflect the sum of these costs.

Capral further draws to the Commission's attention that the exporter's costs should confirm that packaging costs for export are higher than domestic packaging costs, including for steel trolleys, wooden crates and inter-leave paper. This has been established in earlier investigations despite certain exporters' representations that there is no difference between domestic and export packaging costs.

#### IV. Model Matching

Aluminium extrusions are manufactured and sold in the following finished: mill finish, painted, powder coated and anodised. The Commission has previously (in Review Investigation 482 on all exporters in China the subject of measures) for model matching purposes, compared production cost for each type of finish, and exported goods by finish, when determining normal values and applicable dumping margins. Additionally, the Commission has further considered additionally to the finish type, the alloy type as well as the temper grade and micron level.

For model matching purposes, full account of alloy type, temper grade and micron level are correctly considered.

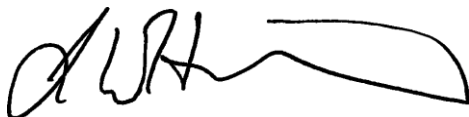
#### V. New manufacturer

Foshan Lvqiang is a new manufacturer of aluminium extrusions. The company was only incorporated in September 2017. Foshan Lvqiang will therefore have relatively high depreciation expenses and start-up costs which are not evident for other well established Chinese exporters.

Capral requests the Commission to validate the applicant exporter's depreciation expenses with care.

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