



Australian Government
**Department of Industry,
Innovation and Science**

**Anti-Dumping
Commission**

CUSTOMS ACT 1901 - PART XVB

FINAL REPORT NO. 530

ACCELERATED REVIEW

**OF THE DUMPING DUTY NOTICE AND COUNTERVAILING
DUTY NOTICE APPLYING TO**

**CERTAIN ALUMINIUM EXTRUSIONS EXPORTED FROM THE
PEOPLE'S REPUBLIC OF CHINA**

BY

FOSHAN LVQIANG METAL PRODUCT CO., LTD

16 January 2020

PUBLIC RECORD

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ABBREVIATIONS

the accelerated review period	1 October 2018 to 30 September 2019
the Act	<i>Customs Act 1901 (Cth).</i>
ADN	Anti-Dumping Notice
aluminium extrusions	certain aluminium extrusions (also referred to as the goods)
the applicant	Foshan Lvqiang Metal Product Co., Ltd
Capral	Capral Limited
China	the People's Republic of China
CIF	Cost, Insurance and Freight
the Commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CTM	cost to make
CTMS	cost to make and sell
Customs Tariff Regulation	<i>Customs Tariff (Anti-Dumping) Regulation 2013</i>
document	Means any record of information, and includes: (a) anything on which there is writing; (b) anything on which there are marks, figures, symbols or perforations having a meaning for persons qualified to interpret them; (c) anything from which sounds, images or writing can be reproduced with or without the aid of anything else; and (d) a map, plan, drawing or photograph
Dumping Duty Act	<i>Customs Tariff (Anti-Dumping) Act 1975 (Cth)</i>
FOB	Free on Board
Foshan Lvqiang	Foshan Lvqiang Metal Product Co., Ltd.
the goods	the goods the subject of the accelerated review (also referred to as the goods under consideration)
GAAP	generally accepted accounting principles
GOC	Government of China
GUC	goods under consideration
ICD	interim countervailing duty
IDD	interim dumping duty
LME	London Metal Exchange
the Manual	the Dumping and Subsidy Manual, November 2018. Available on the Commission's website at www.adcommission.gov.au .
the Minister	Minister for Industry, Science and Technology
MJP	Major Japanese Port
NIP	non-injurious price
the notices	the dumping duty notice and countervailing duty notice
OCOT	ordinary course of trade
the Regulation	<i>Customs (International Obligations) Regulation 2015</i>
REP 248	<i>Anti-Dumping Commission Report No. 248</i>

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REP 392	<i>Anti-Dumping Commission Report No. 392</i>
REP 482	<i>Anti-Dumping Commission Report No. 482</i>
REP 482	Review of measures No. 482
SG&A	selling, general and administrative costs
SOE	state-owned enterprises
SIE	state-invested enterprises
VAT	value added tax

1 SUMMARY AND RECOMMENDATION

1.1 Background

On 8 October 2019, Foshan Lvqiang Metal Product Co., Ltd (Foshan Lvqiang) made an application to the Anti-Dumping Commission (the Commission), seeking an accelerated review of the dumping and countervailing duty notices (the notices) applying to certain aluminium extrusions (aluminium extrusions or the goods) exported to Australia from the People's Republic of China (China).

Foshan Lvqiang's application seeks an accelerated review on the basis that the notices are inappropriate because it is currently subject to the combined dumping and countervailing duties rate of 101.9 per cent. This rate reflects the combined rate for 'All other exporters' as determined in *Anti-Dumping Commission Report No. 482* (REP 482). Foshan Lvqiang did not export the goods to Australia during the period subject to the original investigation and is therefore a 'new exporter' as defined in section 269T(1) of the *Customs Act 1901* (the Act).¹

This report sets out the facts on which the Commissioner of the Anti-Dumping Commission (the Commissioner) is basing his recommendations to the Minister for Industry, Science and Technology (the Minister).

1.2 Application of law to facts

Division 6 of Part XVB of the Act allows eligible parties to apply for an accelerated review of anti-dumping measures. This Division, among other matters:

- sets out the procedures to be followed and the matters to be considered by the Commissioner in conducting accelerated reviews for the purpose of making a report to the Minister; and
- allows the Minister, after consideration of such reports, to leave the notices unchanged or to modify them as appropriate.

1.3 Findings

Based on all relevant and available information, the Commissioner, in relation to the variable factors for Foshan Lvqiang's exports of the goods to Australia, considers that:

- the export price should be determined under section 269TAB(3), having regard to all relevant information, being set to the normal value determined;
- the normal value should be constructed under section 269TAC(2)(c) in accordance with sections 43, 44 and 45 of the *Customs (International Obligations) Regulation 2015* (the Regulation); and
- one countervailable subsidy program (Program 15) applied to Foshan Lvqiang in relation to the goods during the accelerated review period. Consequently, the amount of countervailable subsidy received has changed.

¹ All legislative references in this report are to the *Customs Act 1901* unless otherwise specified.

1.4 Recommendation

Based on the above findings and because of section 269ZG(1), the Commissioner recommends the Minister alter the notices so as to apply to Foshan Lvqiang as if different variable factors had been fixed.

Further, the Commissioner recommends that:

- the Minister determine that the interim dumping duty (IDD) be worked out on Foshan Lvqiang's exports to Australia in accordance with the **floor price** duty method pursuant to section 5(4) of the *Customs Tariff (Anti-Dumping) Regulation 2013* (Customs Tariff Regulation); and
- the interim countervailing duty (ICD) applicable to Foshan Lvqiang's exports to Australia is **12.4 per cent**.

If Foshan Lvqiang's actual export prices of the goods are less than the floor price calculated, the IDD payable will be equal to the difference between the actual export price and the ascertained export price.

If the Minister accepts these recommendations, to give effect to the decision, the Minister must, by public notice

- declare that:
the Act and the *Customs Tariff (Anti-Dumping) Act 1975* (the Dumping Duty Act) have effect as if the notices had applied to Foshan Lvqiang but the Minister had fixed different variable factors relevant to the determination of the duty payable by Foshan Lvqiang; to
- determine that:
because of section 8(5) of the Dumping Duty Act, the IDD payable on the goods exported to Australia from China by Foshan Lvqiang is an amount worked out in accordance with the floor price duty method as set out in section 5(4) of the Customs Tariff Regulation; and to
- direct that:
because of section 10(6) of the Dumping Duty Act, the ICD payable on the goods exported to Australia from China by Foshan Lvqiang is an amount worked out as a proportion of the export price of the goods as set out in section 10(3B)(a) of the Dumping Duty Act.

If accepted by the Minister, the individual rates applicable to Foshan Lvqiang will take effect retrospectively from 8 October 2019 (the date the application was lodged).

2 BACKGROUND

2.1 The goods

2.1.1 Description

The goods that are the subject of the original notices and the subject of this application are:

Aluminium extrusions produced via an extrusion process, of alloys having metallic elements falling within the alloy designations published by The Aluminium Association commencing with 1, 2, 3, 5, 6 or 7 (or proprietary or other certifying body equivalents), with the finish being extruded (mill), mechanical, anodised or painted or otherwise coated, whether or not worked, having a wall thickness or diameter greater than 0.5 millimetres, with a maximum weight per metre of 27 kilograms and a profile of cross-section which fits within a circle having a diameter of 421 millimetres.

The goods include aluminium extrusion products that have been further processed or fabricated to a limited extent, after aluminium has been extruded through a die. Aluminium extrusion products that have been painted, anodised, or otherwise coated, or worked (e.g. precision cut, machined, punched or drilled) fall within the scope of the goods.

The goods do not extend to intermediate or finished products that are processed or fabricated to such an extent that they no longer possess the nature and physical characteristics of an aluminium extrusion, but have become a different product.

Table 1 provides guidance as to the categorisation of aluminium extrusions into the types captured by interim duties, being the goods under consideration (GUC) and those that are not captured (Non GUC).

< GUC >				< Non GUC >		
1	2	3	4	5	6	7
Aluminium extrusions	Aluminium extrusions with minor working	Aluminium extrusions that are parts intended for use in intermediate or finished products	Aluminium extrusions that are themselves finished products	Unassembled products containing aluminium extrusions, e.g. 'kits' that at time of import comprise all necessary parts to assemble finished goods	Intermediate or partly assembled products containing aluminium extrusions	Fully assembled finished products containing aluminium extrusions
< Examples >						
Mill finish, painted, powder coated, anodised, or otherwise coated aluminium extrusions	Precision cut, machined, punched or drilled aluminium extrusions	Aluminium extrusions designed for use in a door or window	Carpet liner, fence posts, heat sinks	Shower frame kits, window kits, unassembled curtain walls	Unglazed window or door frames	Windows, doors

Table 1: Goods under consideration and like goods

2.1.2 Tariff classification

The goods are generally classified to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995* (Cth):

Tariff code	Statistical code	Description
7604.10.00	06	Non alloyed aluminium bars, rods and profiles
7604.21.00	07	Aluminium alloy hollow angles and other shapes
7604.21.00	08	Aluminium alloy hollow profiles
7604.29.00	09	Aluminium alloy non hollow angles and other shapes
7604.29.00	10	Aluminium alloy non hollow profiles
7608.10.00	09	Non alloyed aluminium tubes and pipes
7608.20.00	10	Aluminium alloy tubes and pipes
7610.10.00	12	Doors, windows and their frames and thresholds for doors
7610.90.00	13	Other

Table 2: Tariff classifications of the goods

2.1.3 Like goods

Section 269T(1) defines like goods as:

[in relation to GUC]...goods that are identical in all respects to the [GUC] or that, although not alike in all respects to the [GUC], have characteristics closely resembling those of the [GUC].

During this accelerated review, the definition of like goods is relevant in:

- a. determining the normal value of goods exported to Australia;
- b. the non-injurious price (NIP); and
- c. the goods subject to the notices.

The Commission's framework for assessing like goods is outlined in Chapter 2 of the Commission's *Dumping and Subsidy Manual*.

2.2 Accelerated review process

If a dumping duty notice and/or a countervailing duty notice has been published in respect of certain goods, a new exporter may request an accelerated review of that notice as it affects that exporter.² Section 269T(1) provides a new exporter:

in relation to goods the subject of an application for a dumping duty notice or countervailing duty notice or like goods, means an exporter who did not export such goods to Australia at any time during the investigation period in relation to the application.

If an application for an accelerated review of a dumping duty notice and/or countervailing duty notice is received and not rejected, the Commissioner has up to

² Section 269ZE(1).

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100 days after the application is lodged to inquire and report to the Minister on the accelerated review.³

Under section 269ZG(1), the Commissioner must, after considering the application and making such inquiries as the Commissioner thinks appropriate, give the Minister a report recommending the dumping duty notice and/or countervailing duty notice:

- remain unaltered; or
- be altered so as to apply to the applicant as if different variable factors had been fixed.

Following the Minister's decision, a notice is published on the Commission's website advising of the decision.

2.3 Existing measures

The anti-dumping measures on exports of the goods from China have been in place since 2010. On 9 May 2019, the Minister revised the variable factors and effective rates of duty applicable to the goods following a review of anti-dumping measures as they affect exporters from China (REP 482).⁴ The notice was altered in September 2019, after the Anti-Dumping Review Panel's decision in relation to REP 482⁵ and an accelerated review in relation to Foshan Minghua Doors & Windows Aluminium Co., Ltd.⁶

The existing measures implemented are as follows:

Exporter	Fixed rate of combined IDD and ICD
Guangdong Jinxicheng AL Manufacturing Co. Ltd	15.8%
Foshan Shunde Beijiao Jiawei Aluminium Factory	20.1%
Goomax Metal Co. Ltd., Fujian	43.5%
Foshan Minghua Doors & Windows Aluminium Co., Ltd	21.0%
Tai Shan City Kam Kiu Aluminium Extrusion Co., Ltd	16.5%
PanAsia Aluminium (China) Co., Ltd	50.7%
Guangdong Zhongya Aluminium Company Limited	Exempt
Residual exporters	29.8%
Uncooperative and all other exporters	101.9%

Table 3: Current anti-dumping measures

³ Section 269ZG(2).

⁴ Refer to *Anti-Dumping Commission Report No. 482* and Anti-Dumping Notice (ADN) No. 2019/044.

⁵ Refer to ADRP report No. 2019/104, details of which can be found on the website: <https://www.industry.gov.au/about-us/our-structure/anti-dumping-review-panel>

⁶ Refer to accelerated review No. 514, details of which can be found on the Commission's website at www.adcommission.gov.au

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Foshan Lvqiang is currently subject to the uncooperative and all other exporter rate of 101.9 per cent, while its application for accelerated review is being considered.

Further details of the measures in place on exports from China are available in the *Dumping Commodity Register* on the Commission's website.⁷

2.4 Notification and participation

On 8 October 2019, Foshan Lvqiang lodged an application for an accelerated review of the notices applying to certain aluminium extrusions exported to Australia from China in so far as the notices affect Foshan Lvqiang.

The Commissioner considered the application to determine if it was made in accordance with sections 269ZE and 269ZF. The Commissioner did not reject the application because:

- the circumstances in which an accelerated review can be sought under section 269ZE(1) were satisfied;
- the conditions for rejection under section 269ZE(2) were not satisfied; and
- the application satisfied the requirements of section 269ZF(1).

The commencement of this accelerated review was notified in ADN No. 2019/131, which was published on 28 October 2019 and made available on the public record on the Commission's website.⁸

ADN No. 2019/131 advised that the Commissioner's recommendation will be made in a report on or before **16 January 2020**.

For the purposes of the accelerated review, the period examined is **1 October 2018 to 30 September 2019** (the accelerated review period).

2.5 Exporter questionnaire response

2.5.1 Foshan Lvqiang's exporter questionnaire response

Upon the commencement of the accelerated review, the Commission sent an exporter questionnaire to Foshan Lvqiang for completion.

On 9 December 2019, the Commission received a completed exporter questionnaire response from Foshan Lvqiang, having addressed minor deficiencies identified in its original response, received by the Commission on 22 November 2019. A non-confidential version of this response is available on the public record.⁹

Foshan Lvqiang cooperated with the accelerated review and provided financial data in its exporter questionnaire response within the required timeframe.

A number of tests were undertaken on Foshan Lvqiang's data for the purpose of this accelerated review. Those tests include comparison of Foshan Lvqiang's data to:

- contemporary information and data compiled and verified as part of REP 482;

⁷ www.adcommission.gov.au

⁸ Section 2.6 refers.

⁹ Document No. 3 on the public record refers.

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- contemporary information and data compiled as part of accelerated review 514; and
- source documents including tax returns, financial statements, sales invoices and bank statements.

The Commission also sought clarification and further responses from Foshan Lvqiang on a range of matters throughout the conduct of this review, including additional source documents relating to domestic sales and products, general information relating to its production facilities and practices, and financial accounts relating to subsidy programs (if any) availed to it.

Foshan Lvqiang cooperated and provided responses to the queries within the designated timeframes. The Commission is satisfied as to the accuracy, relevance and completeness of the data supplied by Foshan Lvqiang upon which the findings of this accelerated review are based.

2.6 Public record

There is no legislative requirement for the Commissioner to maintain a public record for accelerated reviews. However, in the interests of ensuring this process is conducted in an open and transparent manner, a public record for this accelerated review has been maintained and is accessible on the Commission's website at www.adcommission.gov.au.

3 EXPORT PRICE

3.1 Findings

The Commission found that Foshan Lvqiang did not export the goods to Australia during the accelerated review period.

As such, the export price of the goods cannot be determined under section 269TAB(1). Specifically, sufficient information is not available to determine the export price of the goods using the price:

- paid or payable by the importer;¹⁰
- in Australia less prescribed deductions;¹¹ or
- having regard to all the circumstances of the exportation.¹²

Therefore, the Commission determined an export price under section 269TAB(3) having regard to all relevant information. Specifically, the Commission considered it appropriate to determine the ascertained export price to be the same amount as that determined to be the normal value (refer to Section 4 of this report).

After making adjustments for inland transport and export related costs, the export price has been determined at the Free on Board (FOB) level.

¹⁰ Section 269TAB(1)(a).

¹¹ Section 269TAB(1)(b).

¹² Section 269TAB(1)(c).

4 NORMAL VALUE

4.1 Findings

Due to a particular market situation in the Chinese domestic aluminium extrusions market, the normal value has been established in accordance with section 269TAC(2)(c), using the constructed normal value method. Relevant adjustments have been made to the normal value to ensure comparability to the export price of Foshan Lvqiang's future exports to Australia.

4.2 Applicable legislation

Under section 269TAC(1) the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade (OCOT) for home consumption in the country of export in sales that are arms length transactions.¹³

Section 269TAC(2) sets out how normal value is to be ascertained if it cannot be ascertained under section 269TAC(1). In particular, if, in accordance with section 269TAC(2)(a)(ii), the Minister is satisfied that the normal value of the goods exported to Australia cannot be ascertained under section 269TAC(1) because *the situation in the market of the country of export is such that sales in that market are not suitable for use in determining a price under [section 269TAC(1)]*, normal value is such amount as the Minister determines in accordance with section 269TAC(2)(c).

Where the Minister is satisfied that such a market situation exists, normal value cannot be established on the basis of domestic sales in the country of export. Instead, the normal value of the goods is determined on the basis of a cost construction, including any profit applicable (section 269TAC(2)(c)) or third country sales (section 269TAC(2)(d)).

4.3 Particular market situation – the Commission's assessment

In assessing whether a market situation exists in relation to the Chinese aluminium extrusions market during the accelerated review period, the Commission has relied on contemporary evidence available to it, such as submissions made to the accelerated review and the outcomes of previous cases conducted by the Commission.

Anti-Dumping Commission Report No. 248 (REP 248) determined, in line with section 269TAC(2)(a)(ii), that a situation existed in the domestic Chinese aluminium extrusions market that rendered domestic selling prices in that market unsuitable for the purpose of determining the normal value for aluminium extrusions under section 269TAC(1). The reasons underlying this finding are contained in REP 248 at Non-Confidential Appendix 1 – Market Situation Assessment.

In subsequent reviews of measures applying to the goods, it was shown, in line with section 269TAC(2)(a)(ii), a situation exists in the domestic Chinese aluminium extrusions market that renders domestic selling prices in that market unsuitable for the purpose of determining the normal value for aluminium extrusions under section

¹³ Refer to section 269TAA and Chapter 5 of the Dumping and Subsidy Manual November 2018 for an explanation of the term, 'arms length transaction'.

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269TAC(1). The grounds for this conclusion are set out in *Anti-Dumping Commission Report No. 392* (REP 392) and REP 482 at Non-Confidential Appendix A, respectively.

During this accelerated review, the Commission considered all relevant information, including documents available to the Commission in the preparation of REP 248, REP 392 and REP 482.

It is noted that, whilst there is no overlap in the Review period for REP 482, the review period in this accelerated review only commences 3 months after the end of REP 482's review period. No information was given by Foshan Lvqiang that showed the particular market situation identified in REP 482 no longer exists in the review period for this matter.

The Commissioner is therefore satisfied a particular market situation existed in respect of the domestic market for aluminium extrusions in China for the accelerated review period. That renders sales in that market not suitable in determining the normal value under section 269TAC(1). As such, the Commission has considered the alternative methods for determining normal value as provided for in the Act.

4.4 Constructed normal value

The Commission constructed normal values under section 269TAC(2)(c) in line with sections 43, 44 and 45 of the Regulation referred to below.

4.4.1 Applicable legislation, policy and practice

Where the Minister is satisfied that normal value cannot be determined under section 269TAC(1), normal value may be determined under section 269TAC(2)(c).

As required by sections 269TAC(5A) and 269TAC(5B), the construction of normal values under section 269TAC(2)(c) is required to be undertaken in accordance with sections 43, 44 and 45 of the Regulation.

When determining costs of manufacture or production in relation to constructing normal values, section 43(2) of the Regulation requires that if:

- an exporter or producer of the goods keeps records relating to the goods that are in accordance with generally accepted accounting principles (GAAP) in the country of export; and
- those records reasonably reflect competitive market costs associated with the production or manufacture of the goods;

the Minister must work out the cost of production or manufacture using the information set out in the exporter or producer's records.

It is the Commission's view that:

- where an exporter's records are otherwise in accordance with GAAP;
- reliable, but the records do not reflect competitive market costs associated with the production or manufacture of the goods

it is open to the Minister, if practicable, to adjust the records so they reasonably reflect competitive market costs associated with the production or manufacture of the goods

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in the country of export. In making such adjustments, the Commission considers the Minister may have regard to all relevant information.¹⁴

4.4.2 Reasonableness of exporters' costs of production

In this accelerated review, the Commission found that Foshan Lvqiang's records about the goods were maintained in line with GAAP in China.

The Commission is of the view that, owing to the influence of the Government of China (GOC) in the domestic market for primary aluminium, Foshan Lvqiang's records do not reasonably reflect competitive market costs for the production or manufacture of the goods.

The Commission considers that aluminium costs in China:

- represent a significant proportion of the total cost of production of aluminium extrusions;
- are distorted by GOC influence;¹⁵ and
- do not reasonably reflect competitive market costs associated with the production or manufacture of the goods in terms of section 43(2)(b)(ii) of the Regulation.

The Commissioner considers it appropriate that aluminium costs for the costs of production in Foshan Lvqiang's records be adjusted to align with competitive market costs and the methodology outlined below be applied in making such adjustments.

4.4.3 Aluminium cost adjustment

For the reasons set out in this section, the Commission determined the constructed normal values should not consist solely of the actual aluminium costs incurred by Foshan Lvqiang in the relevant costs of production. The Commission therefore believes that it is appropriate to use Foshan Lvqiang's records about the goods, but only after an adjustment is made to the records about the costs of aluminium. Such adjustment ensures that Foshan Lvqiang's records reflect competitive market costs. In doing so, the Commission has considered the circumstances of Foshan Lvqiang's purchases of aluminium and adjusted its records to incorporate costs that would be incurred in China without the distortion arising from the influence of the GOC.

The Commission established in previous cases and still believes that aluminium costs in competitive markets in Asian regions are often priced according to:

- a published price for primary aluminium;
- a regional premium;
- inland transport costs; and
- a billet premium reflecting an additional cost to convert ingots to a billet for use in the production of the goods.¹⁶

¹⁴ Refer to the Dumping and Subsidy Manual – 2019

¹⁵ See REP 248 at 4.5, REP 392 at 4.9 and REP 482 at 4.6.

¹⁶ See REP 248 at 4.9, REP 392 at 4.9 and REP 482 at 4.6.

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Consistent with the approach in the most recent review¹⁷ the Commission included each of the above components in establishing a competitive benchmark cost for aluminium, as outlined below.

Primary aluminium (ingot) – London Metal Exchange cash price

The Commission relied on the average monthly London Metal Exchange (LME) official cash price data for primary aluminium (ingot).

Regional premium

The Commission has relied on the published Major Japanese Ports (MJP) regional premium sourced from Argus Metals under subscription.¹⁸ Shipments under the MJP premium are made on a Cost, Insurance and Freight (CIF) basis. This means the premium is inclusive of all costs for transporting the goods from the country of export to the destination port except for those costs for port of arrival charges and inland transport from the port of arrival to the final destination.

Inland transport costs

The Commission applied verified data from REP 482 to calculate inland transport costs because there was no data for actual inland transport costs for primary aluminium purchases. This would approximate a reasonable amount of actual inland transport costs incurred by Foshan Lvqiang. The Commission calculated and applied the verified weighted average inland transport costs incurred by an exporter in that review for its export sales of aluminium extrusions to Australia. The exporter chosen is located in the same province as Foshan Lvqiang.

Billet premiums

The Commission determined a billet premium using the Australian industry's billet price schedules relevant to the accelerated review period.

The competitive market benchmark prices used for the purpose of this accelerated review are at **Confidential Appendix 1**.

4.4.4 Calculation of adjustment

The aluminium cost adjustments were determined by comparing the competitive benchmark cost developed at 4.4.3 to the actual costs of the primary aluminium purchases reported by Foshan Lvqiang's in its accounting records. The resulting differences were then used to make adjustments to the exporter's cost of production records.

4.4.5 Submission received in relation to the primary aluminium replacement cost

Foshan Lvqiang claimed, in an email received by the Commission on 25 December 2019, the aluminium bar it purchases from its suppliers is "*produced from scraps which we called 're-melting aluminium bar'*". The applicant states the LME price is an inappropriate benchmark price as the "*price of such bar [manufactured using scrap] is substantially lower than the normal aluminium bar as produced from LME aluminium*".

¹⁷ See REP 482 at 4.6.6.

¹⁸ The MJP premium reflects an uplift over the LME cash contract prices. An MJP contract is a cash settlement contract that enables participants to mitigate regional Asian aluminium premium price risk exposure.

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ingot". In support of its claim, Foshan Lvqiang gave the Commission copies of supply contracts of a number of its raw material suppliers.

4.4.6 The Commission's assessment of the submission

From the information available in the exporter's REQ, the Commission established that Foshan Lvqiang sources all of its aluminium raw materials, in the form of billets, from external suppliers and does not possess its own billet production facilities. The Commission therefore interprets Foshan Lvqiang's reference to '*re-melting aluminium bar*' to be a reference to its purchases of aluminium billet. Aluminium in the form of billets is the material consumed in the process of manufacturing aluminium extrusions.

Foshan Lvqiang's submission questions the suitability of the LME price of primary aluminium ingot as the basis for the aluminium billet competitive market benchmark discussed at section 4.4.3. In particular, Foshan Lvqiang's submission appears to be implying that because it claims that its billet requirements are sourced from a production processes that utilises scrap aluminium, the LME price for primary aluminium ingots, is not appropriate.

At section 5.3.1 in relation to subsidy program 15, the Commission was unable to establish the identity of the manufacturers of the billet purchased by Foshan Lvqiang. Noting this, the Commission questions how Foshan Lvqiang would know the production process relating to its billet purchases in terms of the composition of that product being made wholly of scrap. Foshan Lvqiang did give the Commission copies of supply contracts for a number of its raw material suppliers however this information was not sufficient to support its claim regarding the billets being of scrap aluminium.

Notwithstanding the above, the Commission compared the price of Foshan Lvqiang's aluminium material purchase prices (billets) to the aluminium material purchase prices (billets) reported by another Chinese manufacturer over the same period. The comparison showed the monthly weighted average unit prices to be comparable, with differences of between 0.4 per cent and 1.9 per cent.

Having regard to Foshan Lvqiang's submission, REQ and other available information, the Commission remains satisfied that the LME price of primary aluminium ingots is an appropriate basis for the competitive market benchmark price of aluminium billet.

Refer to **Confidential Appendix 8** for aluminium cost comparisons.

4.5 The Commission's assessment of normal value

4.5.1 Cost of production

Foshan Lvqiang made no export sales of the goods during the accelerated review period and there is an absence of cost to make (CTM) data about exports, upon which to construct the normal value. The Commission believes it reasonable to use Foshan Lvqiang's CTM for like goods sold domestically during the accelerated review period for the purpose of constructing normal value.

The aluminium costs reported to the Commission by Foshan Lvqiang were not considered to reflect competitive market costs for the accelerated review period so the Commissioner considers it appropriate to apply aluminium cost adjustments in the manner described at sections 4.4.3 and 4.4.4 of this report.

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4.5.2 Selling, general and administrative costs

Section 269TAC(5A)(b) provides, in ascertaining the normal value of the goods under section 269TAC(2)(c), the SG&A costs were established in accordance with section 44 of the Regulation.

Foshan Lvqiang gave the Commission information on the SG&A costs associated with its domestic sales of like goods. The Commission's examination of this data concluded that the SG&A costs reported by the exporter in relation to its sales of like goods satisfied the requirements of section 44(2) of the Regulation as they;

- relate to the like goods;
- are in accordance with the GAAP in China; and
- reasonably reflect the SG&A costs associated with the sale of like goods in China.

For the purpose of constructing its normal value the Commission has therefore relied on the SG&A cost information reported by Foshan Lvqiang's in relation to its domestic sales of like goods.

Refer to **Confidential Appendix 2** for Foshan Lvqiang's SG&A costs.

4.5.3 Profit

As required by section 269TAC(5B), when ascertaining the normal value of the goods under section 269TAC(2)(c), the amount of profit included in the normal value was determined having regard to section 45 of the Regulation.

Section 45(2) of the Regulation requires that, where reasonably practicable, profit for constructed normal values under section 269TAC(2)(c)(ii) must be worked out using data relating to the production and sale of like goods by the exporter or producer of the goods in the OCOT.

Based on the information provided in Foshan Lvqiang REQ, the Commissioner considers it is reasonably practicable to use Foshan Lvqiang's data to calculate a profit margin under section 45(2) of the Regulation

The Commission has therefore calculated a weighted average profit margin for the goods based on the difference between Foshan Lvqiang's;

- domestic selling prices of like goods sold in OCOT; and
- the company's domestic cost to make and sell (CTMS) for those like goods (as reported in the company's response to the exporter questionnaire and prior to the adjustments made to the cost of primary aluminium discussed above).

The profit margin resulting from the above comparison was added to the CTMS for the purpose of section 269TAC(2)(c)(ii).

Refer to **Confidential Appendices 3** and **4** for the calculation of Foshan Lvqiang's profit.

4.5.4 Adjustments

The normal value was worked out by the Commission in line with section 269TAC(2)(c). The Commission considers the following adjustments are required in line with section 269TAC(9). That is so the normal value is properly comparable with the export price of the goods and expressed on an FOB basis:

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- inland freight and handling – an upwards adjustment was made to incorporate export related inland transport costs to the port of export, sourced from verified and comparable data collected in REP 482;
- domestic packaging – a downwards adjustment was made to ensure a fair comparison to FOB price, sourcing domestic packaging costs from data given to the Commission by Foshan Lvqiang;
- export packaging – an upwards adjustment was made to account for export related packaging costs sourced from verified and comparable data collected in REP 482;
- VAT adjustment – an upwards adjustment was made to account for the difference in the amount of residual value added tax (VAT) that would apply to export sales of the goods. The Commission is aware from previous cases that export sales of aluminium extrusions attract a partial VAT rebate. The residual amount was calculated at the rate of 3 per cent, which is the standard domestic VAT rate of 16 per cent less the 13 per cent VAT rebate that applies to export sales of the goods.¹⁹ This is in line with the verified data in REP 482.

Normal value calculations are at **Confidential Appendix 4**.

4.6 Submissions on normal value

On 11 December 2019, Capral Limited (Capral) made a submission on the following points:

- in the most recent review, REP 482, the Minister accepted that primary aluminium costs in China were distorted;
- a benchmark aluminium 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 goods; and
- Foshan Lvqiang's costs should confirm higher packaging costs for export than domestic packaging costs.

Capral's submission is available on the public record.²⁰

4.6.1 The Commission's assessment of the submission

The Commission considers a particular market situation existed in the domestic market for aluminium extrusions in China for the accelerated review period, such that sales in that market is made not suitable for application in determining the normal value under section 269TAC(1).

Therefore, the normal value of the goods was worked out under section 269TAC(2)(c) using Foshan Lvqiang's costs of production, SG&A expenses plus an amount of profit.

The Commission's approach to development of the aluminium cost benchmark set out at section 4.4.3 is consistent with prior cases relating to Chinese aluminium extrusions

¹⁹ In May 2018 the standard domestic VAT payable for aluminium extrusions became 16%.

²⁰ Capral's submission is document no. 4 on the public record.

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and addresses Capral's submission in relation to this aspect of the normal value construction.

In relation to the higher export packaging costs argued by Capral, the Commission considers that the findings in previous aluminium extrusion cases generally support that the cost of packaging for export sales was generally higher than for domestic packaging.²¹

In response to Capral's submission requesting further consideration of Foshan Lvqiang's packing costs, the Commission has relied on the export packaging costs reported by other Chinese exporters who were examined in REP 482. The export packaging costs reported in REP 482 were found to be higher than the domestic packaging cost reported by Foshan Lvqiang in its REQ for this accelerated review.

²¹ Refer to the Commission's website for further information relating investigations and reviews of aluminium extrusion imports to Australia.

5 COUNTERAVAILABLE SUBSIDIES

5.1 Findings

The Commission found Foshan Lvqiang received a countervailable subsidy under program 15 (aluminium provided at less than adequate remuneration). Foshan Lvqiang did not give the Commission evidence that showed whether or not its suppliers of aluminium were state-owned enterprises (SOEs) or state-invested enterprises (SIEs). Given the Commission’s understanding of the primary aluminium market in China and the degree to which that market is distorted by GOC influence, the Commission considers it reasonable to conclude that Foshan Lvqiang has received a benefit under program 15 where they have not provided evidence to establish otherwise.

The Commission further found:

- Foshan Lvqiang did not receive countervailable subsidies during the accelerated review period from any other countervailable program; and
- the countervailing margin for Foshan Lvqiang is **12.4 per cent**.

5.2 Legislative requirement for countervailable subsidies

A countervailable subsidy is defined at section 269TAAC. Further, sections 269TACC and 269TACD relate to determinations by the Minister as to whether a benefit has been conferred by a financial contribution or price support, and the amount of this benefit. Generally, the existence of a benefit is determined by comparison of costs with a benchmarked market price for the respective cost. For example, if the alleged benefit relates to tax revenue foregone, the existence of a benefit is determined by comparing the actual tax rate applied to the tax rates of the country in question.

5.3 Programs reviewed

In REP 482, the Commission found that the following programs are countervailable in respect of aluminium extrusions exported to Australia from China:

Program Number	Program Name	Program Type
2	One-time Awards to Enterprises Whose Products Qualify for ‘Well-Known Trademarks of China’ and ‘Famous Brands of China’	Grant
3	Provincial Scientific Development Plan Fund	Grant
4	Export Brand Development Fund	Grant
5	Matching Funds for International Market Development for Small and Medium Enterprises (SME)	Grant
6	Superstar Enterprise Grant	Grant
7	Research & Development (R&D) Assistance Grant	Grant
8	Patent Award of Guangdong Province	Grant
9	Training Program for Rural Surplus Labour Force Transfer Employment	Grant
15	Aluminium provided at less than adequate remuneration	Less than adequate remuneration
18	Preferential tax policies in the Western Regions	Tax

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Program Number	Program Name	Program Type
21	Tariff and Value Added Tax (VAT) Exemptions on Imported Materials and Equipment	Tariff and VAT Exemptions
26	Innovative Experimental Enterprise Grant	Grant
29	Special Support Fund for Non-State-Owned Enterprises	Grant
32	Venture Investment Fund of Hi-Tech Industry	Grant
35	Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment	Grant
47	Preferential tax policies for high and new technology enterprises	Tax
48	Provincial Government of Guangdong (PGOG) tax offset for R&D	Tax
56	PGOG special fund for energy saving technology reform	Grant
58	Development assistance grants from the Zhaoqing New and High Tech Industrial Development Zone (ZHTDZ)	Grant
59	Processing trade special fund	Grant
60	Trade insurance support fund	Grant
61	Enterprise employment fixed point monitoring work subsidy	Grant
62	Special funds for provincial enterprises to transfer and upgrade equipment	Grant
63	Reserve funds for enterprise development	Grant
64	High integrity enterprise award 2014	Grant
65	Jiangmen engineering technology research centre award	Grant
66	2016 Shanghai Automotive Commodities Exhibition special fee subsidy	Grant
67	Corporate remuneration survey subsidy	Grant
68	Energy saving project subsidy	Grant
69	Science and technology project subsidy	Grant
70	Provincial engineering and technology research centre 2016	Grant
71	Foreign trade development fund subsidy of Jiangmen City	Grant
72	2015 Special Funds of Technology Renovation technical renovation project with environmental protection	Grant
73	Provincial Market Development Grant for foreign trade exhibitions and SMEs International market development	Grant
75	Subsidy for Supporting Foreign Trade Enterprises of Nan'an city in 2017	Grant
76	Fund for Supporting Foreign Trade Export in 2017 of Nan'an Municipal Bureau of Financial	Grant
77	Power consumption award for production and efficiency increase in December 2016	Grant
78	integration of informationization and industrialization management system (Note changed from market development due to info provided from Goomax)	Grant
79	Subsidy for invention patents	Grant
80	No. 269: Special project for technology reform- subsidy for technology reform	Grant
81	Madrid Trademark grant by Fujian Provincial Administration for Industry and Commerce	Grant
82	2016 Award for brand value from Finance Bureau	Grant
83	Social security fund Guangzhou Social Insurance Fund	Grant

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Program Number	Program Name	Program Type
84	Patent supporting fund	Grant
85	Unemployment fund Guangzhou Social Insurance Fund	Grant
86	Technology supporting fund	Grant
87	Special fund Industry technology development and research	Grant
88	Industry technology R&D fund	Grant
89	Technology innovation fund	Grant
90	Social security fund Zencheng City	Grant
91	2016 Jiangmen support fund for technology development	Grant
92	Funds for EFT16 technical reform	Grant
93	Funds for 2016 technical renovation	Grant
94	EFT provincial Industry and informatization Special research expenses supplement fund	Grant
95	2017 Enterprise Compensation Survey Fund	Grant
96	VOCs treatment fund for the process of injection workshop	Grant
97	Economic investigation fund	Grant
98	2017 Provincial Motor Energy Efficiency Promotion Special Fund	Grant
99	2017 Jiangmen Enterprise Major technology platform construction Fund	Grant
100	Receiving the payment from Taishan Finance Bureau	Grant
101	2017 Jiangmen Enterprise Research and Development Financial Aid Fund	Grant
102	Taishan High-integrity enterprise project fund	Grant
103	2017 Provincial Enterprise Research and Development Fund	Grant
104	Special funds for enterprises in large equipment manufacturing industry	Grant
105	2017 Provincial New enterprise Technology Reform Fund	Grant

Table 4: Countervailable subsidy programs²²

5.3.1 Program 15 – Aluminium provided by government at less than adequate remuneration

In REP 482, the Commission found a countervailable program (Program 15) existed whereby primary aluminium used for the manufacture of aluminium extrusions was being produced and supplied by government owned enterprises at less than adequate remuneration (LTAR).

The benefit received under Program 15 by an exporter in relation to its primary aluminium purchases was determined by comparing the prices of its purchases of primary aluminium from government owned enterprises to an appropriate competitive market price benchmark. The value of the difference is considered to be the benefit conferred to the exporter.

²² For additional information on the countervailable subsidy programs refer to REP 482.

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During this accelerated review, the Commission did not find any further information to depart from the finding in REP 482 in relation to the existence of Program 15, so the Commissioner adopted the assessment made in REP 482.²³

To establish whether the exporter in this accelerated review received a benefit under program 15, the Commission collected information (in the form of a fully completed REQ) to establish whether the exporter's primary aluminium was supplied by and/or manufactured by a public body in the form of either a State Owned Enterprise (SOE) or State Invested Enterprise (SIE). The Commission also took steps to collect additional information from the exporter about its suppliers however none was provided extended the Commission's understanding beyond that which was obtained by reliance on the exporter's REQ.

Foshan Lvqiang stated that it is not able to provide information that identifies the status of its suppliers of primary aluminium as being an SOE or SIE as it purchased its primary aluminium through an intermediary.

In addition to the information provided by the exporter in its REQ, the Commission also had regard to primary aluminium purchasing information relied on in REP 482 to potentially identify whether suppliers present in that case had supplied Foshan Lvqiang during the period for this accelerated review. The entities identified in REP 482 were not present in the aluminium purchasing information reported by Foshan Lvqiang.

As a result of the information provided by the exporter in its REQ and having regard to the available information from REP 482, the Commission is not satisfied that Foshan Lvqiang did not source its primary aluminium requirements from a public body as defined in section 269T(1).

For the purpose of this accelerated review, to determine whether a benefit has been received by Foshan Lvqiang in relation to its primary aluminium purchases, the Commission compared the prices of the primary aluminium purchases reported in its REQ to an appropriate competitive market price benchmark. The benchmark relied on to work out the value of the benefit is based on the LME based import price and is the same benchmark that has been relied on for the assessment of production costs at section 4.4.3. The Commission found that the exporter had received a benefit and considers this benefit to be a countervailable subsidy.

In accordance with section 269TACD(2), the benefit received has been apportioned to each unit of the goods using the value of all goods produced by the exporter during the accelerated review period.

5.3.2 Preferential income tax programs

In its exporter questionnaire, Foshan Lvqiang claimed that it had not received a benefit from prudential income tax programs. The Commission examined the company's income accounting records and is satisfied that Foshan Lvqiang did not receive a benefit during the accelerated review period.

²³ See REP 482, pages 107 to 111.

5.3.3 Grants and preferential policies

In its exporter questionnaire, Foshan Lvqiang asserted that it had not been aided by grants or preferential policies. This claim has been corroborated by the Commission's review of income accounting records provided by Foshan Lvqiang.

5.3.4 Tariff and VAT exemptions on imported materials and equipment

Foshan Lvqiang advised that it had not benefitted from tariff and VAT exemptions on any imported materials or equipment. The Commission found no evidence in its assessment of all available information and data that the company had benefitted under such a program.

5.4 Amount of countervailable subsidy received

Having found that Foshan Lvqiang has received a countervailable subsidy under Program 15, the Commission has determined that the subsidy margin, when expressed as a percentage of the ascertained export price, as being **12.4 per cent**.

Refer to **Confidential Appendix 6** for Foshan Lvqiang's countervailable margin calculation.

5.5 Submission in relation to the primary aluminium replacement cost

Outlined in sections 4.4.5 and 4.4.6 in this report are details of a submission received by the Commission on 25 December 2019, relating to the LME price used in determining a competitive primary aluminium benchmark price.

As discussed in section 4.4.5, Foshan Lvqiang claim that because the aluminium bar it purchases from its suppliers is "*produced from scraps which we called 're-melting aluminium bar'*" the LME price is an inappropriate benchmark price as the "*price of such bar [manufactured using scrap] is substantially lower than the normal aluminium bar as produced from LME aluminium ingot*". Foshan Lvqiang gave the Commission copies of supply contracts of a number of its raw material suppliers in support of its claim.

The Commission is satisfied that the LME price used in this case is an appropriate benchmark to assess the benefit conferred under program 15. Section 4.4.6 of this report steps out the Commission's considerations of Foshan Lvqiang's claims.

6 NON-INJURIOUS PRICE

6.1 Background

Where the Minister is required to determine IDD in respect of the goods and a countervailing duty notice was published in respect of those goods, section 8(5BA) of the Dumping Duty Act applies. Section 8(5BA) requires the Minister, in determining the IDD payable, to have regard to the 'lesser duty rule' which requires consideration of the desirability of fixing a lesser amount of duty, such that the export price, together with IDD and ICD, does not exceed the NIP.²⁴

In January 2014, legislative provisions introduced certain circumstances, where if they exist, the Minister is not required to have mandatory regard to the desirability of fixing a lesser amount of duty. These include:²⁵

- where there is a situation in the market that renders domestic selling prices unsuitable for the purpose of determining normal value under section 269TAC(1);
- where there is an Australian industry in respect of like goods consisting of at least two small to medium sized enterprises (as defined in the *Customs (Definition of "small-medium enterprise") Determination 2013*); and
- where the country in relation to which the subsidy has been provided, has not complied with Article 25 of the *Agreement on Subsidies and Countervailing Measures* for the compliance period.

These changes apply to dumping duty and countervailing duty notices that were published before 1 January 2014, but are continued on or after this date.²⁶

The Commission found that there is a situation in the market that makes domestic selling prices unsuitable for the purpose of determining normal value under section 269TAC(1). As such, the Minister is not required to have regard to the desirability of fixing a lesser amount of duty due to the operation of section 8(5BAAA) of the Dumping Duty Act.

6.2 Commissioner's recommendation

The Commissioner recommends that the Minister be satisfied that, in accordance with section 269TAC(2)(a)(ii), the situation in the Chinese aluminium extrusions market is such that sales in that market are not suitable for use in determining a price under section 269TAC(1).

Accordingly, for this accelerated review, the Commissioner considers that section 8(5BAAA)(a) of the Dumping Duty Act applies and as a result, the Minister is not

²⁴ Under sections 269TACA(a) and (c), the NIP of the goods exported to Australia is the minimum price necessary to prevent the injury, or a recurrence of the injury, to the Australian industry caused by dumped or subsidised goods.

²⁵ Section 8(5BAAA) of the Dumping Duty Act in relation to the calculation of dumping duty and section 10(3DA) of the Dumping Duty Act in relation to the calculation of countervailing duty.

²⁶ Specifically, the legislative changes apply in circumstances where the Minister publishes a notice under subsection 269ZH(1) to continue the measures concerned.

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required to consider the lesser duty rule for the purposes of section 8(5BA) of the Dumping Duty Act.

As the Minister is not required to consider the lesser duty rule in this case, the Commissioner recommends that the full dumping margin be applied to any IDD taken in relation to aluminium extrusions exported to Australia from Foshan Lvqiang. The Commissioner notes that, notwithstanding the proposed recommendation, the Minister is not obliged to, but still may, consider the desirability of applying a lesser amount of duty.

7 FORM OF MEASURES

7.1 Current form of measures

Foshan Lvqiang is currently subject to the “all other exporters” effective rate of duty of 101.9 per cent.²⁷.

In respect of any IDD that may become payable, duty is collected using the combination of fixed and variable duty method. In respect of any ICD that may become payable, duties are calculated as a proportion of the export price of the goods.

7.2 Recommended form of measures

The Commissioner recommends to the Minister that:

- the IDD payable on the goods the subject of the notices is an amount which will be worked out in accordance with the floor price duty method, pursuant to section 5(4) of the Customs Tariff Regulation.
- the ICD payable on the goods the subject to the notices is an amount which is worked out as a proportion of the export price of the goods;

The Commissioner considers that, in circumstances where an exporter has not exported the goods to Australia, the floor price duty method is the most suitable form of duty. The floor price is set equal to the ascertained normal value, adjusted to remove any double count, specified (confidential) as amount per kilogram, that arises as a result of the finding relation to Program 15.

When collecting dumping and countervailing duties applicable to Foshan Lvqiang’s exports of aluminium extrusions, the IDD and ICD payable will be the sum of:

- the amount by which the actual export price of the goods is below the floor price applicable to Foshan Lvqiang’s exports; and
- the subsidy rate calculated at section 5.4, i.e. 12.4 per cent, in relation to Program 15 be applied as a proportion of the actual export price of the goods

Refer to **Confidential Appendix 7** for the adjusted floor price calculations.

²⁷ As determined in REP 482.

8 EFFECT OF THE ACCELERATED REVIEW

If the Minister accepts the recommendations in this report, in respect of aluminium extrusions exported by Foshan Lvqiang to Australia from China:

- the notices will be altered so as to apply to Foshan Lvqiang as if different variable factors had been fixed;
- IDD will be worked out using the floor price duty method; and
- ICD will be payable for the exported goods, as a proportion of the export price at a rate of **12.4 per cent**.

If the Minister accepts the recommendations in this report, these changes will take effect retrospectively from 8 October 2019 (being the date the application was lodged). The Commission notes that if the Minister declares that the Act and Dumping Duty Act have effect as if the notices had applied to the Foshan Lvqiang but the Minister had fixed specified different variable factors relevant to the determination of duty, pursuant to section 269ZG(3)(b), Foshan Lvqiang will not be eligible to seek another accelerated review.²⁸

²⁸ See section 269ZE(1).

9 RECOMMENDATIONS

The Commissioner found that, in relation to aluminium extrusions exported to Australia from China by Foshan Lvqiang:

- the ascertained export price should be altered;
- the ascertained normal value should be altered; and
- the amount of countervailable subsidy received should be altered.

The Commissioner recommends that the Minister consider this report, and if agreed, issue a public notice to:

- declare that:

under section 269ZG(3)(b), that, with effect from 8 October 2019, the Act and the Dumping Duty Act have effect as if the notices had applied to Foshan Lvqiang but different variable factors had been fixed in respect of Foshan Lvqiang, relevant to the determination of duty; to

- determine that:

pursuant to section 8(5) of the Dumping Duty Act, the IDD on the goods exported to Australia from China by Foshan Lvqiang is an amount worked out in accordance with the floor price duty method as set out in section 5(4) of the Customs Tariff Regulation, with effect from 8 October 2019; and to

- direct that:

pursuant to section 10(3B) of the Dumping Duty Act, that the amount of ICD payable on the goods the subject of the countervailing notice be ascertained as a proportion of the export price of the goods. The rate of countervailing duty applying to Foshan Lvqiang's exports of aluminium extrusions shall be 12.4 per cent.

The Commissioner recommends the Minister be satisfied that:

- in accordance with section 269TAB(3), sufficient information is not available to enable export prices for the goods exported to Australia from China by Foshan Lvqiang the subject of this accelerated review to be ascertained under the preceding sections of section 269TAB;
- in accordance with section 269TAC(2)(a)(ii), the normal value of the goods exported to Australia from China by Foshan Lvqiang cannot be ascertained under section 269TAC(1) because the situation in the market of China is such that sales in that market are not suitable for use in determining a price under section 269TAC(1);
- in accordance with section 269TACD(1), countervailable subsidies have been received in respect of the goods by Foshan Lvqiang.

The Commissioner recommends that the Minister determine:

- having regard to section 269TAAC(2) and (3), and in accordance with subsection 269TAAC(4) and (5), that the subsidies set out in section 5.3 are specific having regard to specificity of the subsidies program;

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- in accordance with section 269TAB(3), the export price for the goods exported to Australia from China by Foshan Lvqiang be the same amount as that determined to be the normal value, as set out in **Confidential Appendix 5**;
- in accordance with section 269TAC(2)(c), the normal value for the goods exported to Australia from China is the sum of Foshan Lvqiang's:
 - cost of production or manufacture of the goods in China as set out in **Confidential Appendices 2 and 4**; and
 - on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in China, the administrative, selling and general costs associated with such a sale and the profit on that sale as set out in **Confidential Appendices 2, 3 and 4**;as adjusted in accordance with section 269TAC(9) and set out in section 4.5.4 of, and **Confidential Appendix 4** to this report, to ensure that the normal value so ascertained is properly comparable with the export price; and
- in accordance with section 269TACD(1), the amount of countervailable subsidy received in respect of aluminium extrusions by Foshan Lvqiang is the amounts set out in **Confidential Appendix 6**.

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10 APPENDICES

Confidential Appendix 1	Aluminium Benchmark
Confidential Appendix 2	Cost to Make and Sell
Confidential Appendix 3	Domestic Sales OCOT and Profit
Confidential Appendix 4	Constructed Normal Value
Confidential Appendix 5	Export price and normal value summary
Confidential Appendix 6	Subsidy margin calculation
Confidential Appendix 7	Adjusted floor price to remove double count
Confidential Appendix 8	Aluminium cost comparisons