

19 June 2020

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Investigations 3
Anti-Dumping Commission
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Dear Mr Crooks

Investigations No. 540 and 541 – Mill Finish and Surface Coated Aluminium Extrusions exported from Malaysia - Exporter Questionnaire Responses

I. Background

Capral Limited (“Capral”) has reviewed the Exporter Questionnaire Responses (“EQRs”) from the following exporters:

- Press Metal Berhad (“PMB”);
- Superb Aluminium Industries Sdn Bhd (“Superb Aluminium”);
- LB Aluminium Berhad (“LB Aluminium”);
- Genesis Aluminium Industries Sdn Bhd (“Genesis Aluminium”);
- Milleon Extruder Sdn Bhd (“Milleon”).

Capral provides the following comments in respect of each of the responses.

II. PMB

PMB sells domestically to customers ex-factory and delivered into store. The Anti-Dumping Commission (“the Commission”) will need to identify relevant adjustments for delivered sales to revert to ex-factory prices (for fair comparison with export prices).

PMB states that there is an “insignificant difference between export and domestic packing”. PMB states that for domestic sales section are individually wrapped whereas goods destined for export are packed in “single use only tightly secured timber boxes” that are placed on stillages for containerisation. PMB has identified there are differing packing costs between domestic and export sales and these should be accurately costed and identified.

PMB further identifies that it sources its billet from PMS or PMBTU (related parties) or arm’s length suppliers. The Commission will seek to establish the transfer price from PM Sarawak (“PMS”) or PM Bintulu (“PMBTU”) as to whether it is at full cost recovery. Prices paid by PMB from related parties to be compared with purchase prices from non-related third party suppliers, including suppliers to other cooperative Malaysian aluminium extruders involved in the current inquiry.

III. Superb Aluminium

At Part B-1.3 of its Supplementary Questionnaire, Superb Aluminium indicates that it uses a “standard” exchange rate for the purposes of export sales transactions. Capral anticipates that the Commission will use the applicable rate of exchange at the date of export.

Superb Aluminium has identified a related party customer that is a subsidiary company. The Commission is required to examine with the sell price to the related company reflects arm’s length selling prices.

Superb Aluminium has confirmed that it sells goods domestically in wooden crates and delivered in its own vehicles. For export sales, Superb Aluminium packs in wooden crates and loads on steel trolleys prior to containerisation. Appropriate packing cost adjustments for differences in the sales between the two markets are therefore required.

IV. LB Aluminium

Capral has identified with the Commission¹ certain relevant considerations concerning LB Aluminium including:

- raw material related party purchases;
- decline in sales revenues in the third quarter of 2020;
- improved profit in the third quarter of 2020; and
- the exporter’s claim that there is no discernible difference in packing costs between domestic and export markets.

LB Aluminium’s Supplementary Questionnaire Response confirms that it has domestic sales in Malaysia for all models exported to Australia (Part C-2.2).

Further, LB Aluminium does not refer to export prices to Australia reflecting movements in the LME aluminium price. It states that prices are determined according to the “market situation” which suggests that prices reflect competitive influences on the Australian market.

LB Aluminium confirms that there is a difference in packing for goods sold on the domestic market versus export market. For goods sold domestically, there is an interleave wrapping with a plastic sheet and wooden crate utilised. For export sales, there is a corrugated paper interleave wrapping with plastic sheeting packed into a wooden crate and loaded onto a steel platform for containerisation. There is, therefore, a higher cost associated with packing for export sales.

LB Aluminium identifies that it has sales to a related third party – LM Aluminium (Singapore) Pte Ltd. The Commission will be required to assess whether LB Aluminium’s third country export prices are determined on an arm’s length basis prior to considering whether export sales may be relevant for normal value purposes.

V. Genesis Aluminium

Genesis Aluminium’s Supplementary Questionnaire Response indicates that it has some domestic sales to a wholly owned subsidiary company, Zenshin Aluminium Industrial Sdn Bhd. It states that the selling prices to the affiliated company is “similar”: to other domestic customers. The Commission will examine whether the sales can be considered arm’s length sales.

Genesis Aluminium also utilises wooden crates for packing and for export sales loads the subject goods onto stillages and airbags. Consistent with other exporters, Genesis Aluminium incurs additional packing costs for stillages (and airbags) on export sales to Australia.

¹ Refer EPR Document 015, dated 20 May 2020.

It is noted that Genesis Aluminium allocates cost by product finish. It is anticipated that this would also include cost differences associated with the powder coating colour and coverage (in microns) – which differ accordingly.

VI. Milleon

Capral notes that Genesis Aluminium employs a dedicated (freelance) export manager that appears to be paid on a commission basis. This additional cost would therefore need to be reflected in an adjustment to Milleon's normal value.

It appears from Milleon's Supplementary Questionnaire Response at C-2 that the exporter supplies a broader variety of products in export sales to Australia than it does on the domestic market. This Commission would therefore require information as to the costs associated with the models exported to Australia for which there are no comparable domestic sales.

Milleon states that the packing costs for domestic and export sales are "generally" the same. In light of responses from the other cooperative Malaysian exporters, the Commission is requested to require Milleon to further detail whether export sales involve the use of wooden crates and steel racks or trolleys.

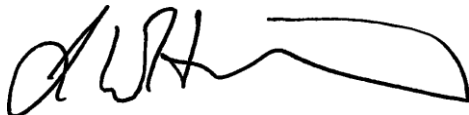
Capral further notes that Milleon states that costs are allocated on an "average cost" basis. Capral anticipates that the Commission will require Milleon to provide actual costs incurred between mill finish and surface finished goods, with detailed costing as per the applicable surface finish for the coated aluminium extrusions.

VII. Kamco Aluminium Sdn Bhd

Capral notes that an EQR has not appeared on the EPR for the Malaysian exporter Kamco Aluminium Sdn Bhd. Capral requests the Commission to advise whether Kamco Aluminium is considered a "cooperative exporter" for the purposes of Investigations 540 and 541.

If you have any questions concerning this submission concerning the exporter supplementary questionnaire responses, 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



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