

23 November 2020

The Director
Investigations 3
Anti-Dumping Commission
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Melbourne Victoria 3001

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Dear Sir/Madam

Investigations 540 and 541 – Mill Finish and Surface Finish aluminium extrusions exported from Malaysia – LB Aluminium exporter verification report

I. Introduction

The Anti-Dumping Commission (“the Commission”) has recently conducted a verification of the Malaysian exporter LB Aluminium Berhad (“LB Aluminium”) in Investigations 540 (“Mill finish”) and 541 (coated finish) aluminium extrusions exported to Australia.

Capral Limited (“Capral”) takes this opportunity to provide comments concerning the LB Aluminium exporter verification reports.

II. Issues common to both Investigation 540 & 541

(a) *Exclusion of Machined goods*

Capral notes at Section 3.1 of the LB Aluminium verification report in Investigation 540 that the Commission identified certain sales that involved “machining”. The Commission excluded these goods from the sales listing as it considered that the goods “*had undergone processes that exceed the ‘minor working’ principle*”.

The Commission identified in Footnote 2 that the excluded goods involved:

“.....intermediate or finished goods that are processed or fabricated to such an extent they no longer possess the nature and physical characteristics of an aluminium extrusion, but have become a different product.”

Interestingly, LB Aluminium had categorised these goods as the subject goods when it was requested to provide details of its sales listing. Capral queries whether the machining process that the Commission considers as not being minor, in fact does not result in a re-categorisation of the goods to be considered something other than aluminium extrusions. This matter requires reconsideration.

(b) *Related party supplier*

LB Aluminium purchases its raw materials from related and unrelated suppliers. The Commission notes that the purchase price from the related party supplier appears consistent with prevailing LME price and premiums. It further indicates that LB Aluminium’s 2019 audited income statements confirms that LB Aluminium generates a profit on its aluminium ingot sales. Capral contends that the price for the

aluminium ingot should be a market driven price that appears in LB Aluminium's financial statements, and would vary by grade. This information should have been readily available for the Commission to verify for the purposes of being satisfied that the aluminium ingot selling prices are accurate (rather than 'deducing' that they appear accurate).

(c) *Packing costs*

Capral welcomes the Commission's requirement that the exporter provide costs associated with domestic versus export packaging expenses.

III. Finished goods costs – Investigation 541

The Commission confirms that LB Aluminium provided it with "*the same cost data for all domestic, Australian and third country markets, aggregated by finish type. The worksheets presented a unit cost for mill finished goods and the additional incremental costs for anodised and powder finished goods.*"

The Commission rectified this aggregated data by revising "*the cost allocation to present the total unit costs of each finish type*".

As LB Aluminum only exported one grade of powder coated product to Australia during the investigation period, the Commission's treatment of the costs is reasonable. Where a number of powder coated grades were evident, actual costs for each powder coated grade would have been required (rather than an aggregate).

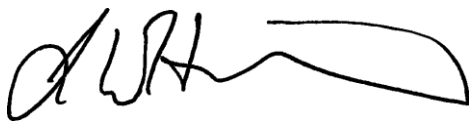
IV. Conclusion

Capral welcomes the Commission's vigilance in ensuring the correct costs are identified and validated for the two distinct categories of goods produced and sold to Australia (i.e. mill finish and coated aluminium extrusions).

Capral requests that the Commission examine whether the excluded goods identified by LB Aluminium as falling within the subject goods should be excluded from the domestic sales by the Commission when it would seem that the machining undertaken does not diminish a finding that the goods remain to be categorised as aluminium extrusions.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 8222 0113.

Yours sincerely



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