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24 August 2020

The Director - Investigations 1
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

Micro-extrusions exported from China

Dear Director,

The submission is made on behalf of Guangdong Jiangsheng Aluminium (Australia) Pty Ltd (JS Aluminium), in response to the latest submission by Aluminium Shapemakers Pty Ltd (Alushapes) dated 6 August 2020.

Alushapes contends that average costing of production costs is inappropriate due to the perceived '*flat pricing strategy*' which '*involves high-volume, low priced aluminium extrusions cross-subsidizing low volume, high-value products (i.e. micro-extrusions).*' This statement highlights the difficulty facing Alushapes, as it simply does not have the throughput to be cost efficient and competitive on price.

Alushapes appears to be suggesting that JS Aluminium's production costs of micro-extrusions should be separated from its production costs of all other extrusions. In essence, seeking to apply a cost base that would be relevant only to a micro-extruder, whilst ignoring all of the cost savings that are derived from the economies of scale of JS Aluminium's operations. This is an outrageous and unprecedented claim that must be rejected.

Alushapes is not simply suggesting a more appropriate method of allocating production costs, they are requesting that the Commission ignore the production volumes of all other extrusions that are manufactured on the same production lines and in the same production workshops as the subject goods.

It is rare for an aluminium extruder to focus on a limited size or product range. JS Aluminium certainly does not distinguish between the nominated '*micro-extrusions*' and any other type of aluminium extrusion. They all form part of the one large product category covering aluminium extrusions. This is predominantly due to the common raw material input, common production process, common finishes and common pricing formula.

PUBLIC RECORD

Therefore, there is no such strategy with regards to JS Aluminium's exports. Goods are simply manufactured after passing through different production stages where material, labour and overhead costs are recorded on an actual cost basis. As the goods transfer between different production stages/workshops, the manufacturing cost of a product is the cost from the last production stage.

These identified allocations are able to be verified by the Commission and are consistent with generally accepted accounting principles. It is also worth highlighting that JS Aluminium's allocation methods are almost universally adopted within the extruding industry. For these reasons, the Commission must automatically reject Alushapes' views.

It is also noted that Alushapes refers in its submission to a discussion that took place between its representative and the Commission. Despite this, a file note has not been placed on the public record informing parties that a discussion took place or the contents of the discussion.

Whilst there are no concerns about such meetings and discussions taking place, JS Aluminium wishes to highlight that it has on numerous occasions to date, requested and sought to meet with the Commission to discuss the injury assertions raised by Alushapes in its application, and present its views on the market dynamics that are contributing to Alushapes' trading performance.

We continue to look forward to the opportunity to meet and discuss the key issues with the Commission, and also look forward to the file note of its discussion with Alushapes' representative being placed on the public record.

Yours sincerely

John Bracic