

9 March 2020

The Director
Investigations 3
Anti-Dumping Commission
GPO Box 1632
Melbourne Victoria 3001

Email: investigations3@adcommission.gov.au

Public File

Dear Sir/Madam

Investigation s 543 – Continuation of measures on aluminium extrusions exported from The People’s Republic of China

I. Introduction

As you know, Capral Limited (“Capral”) is a member of the Australian industry manufacturing aluminium extrusions. Capral – supported by other Australian industry members – has made an application for anti-dumping measures (i.e. dumping and countervailing measures) on exports of aluminium extrusions to Australia from The People’s Republic of China (“China”) be extended for a further five-year period so that they do not expire on 28 October 2020.

The export of aluminium extrusions from China has impacted a number of domestic industries in foreign countries. Capral identified in its application that anti-dumping measures already apply in Canada, Mexico and the USA. It is evident that Chinese exports at dumped and subsidised levels are a global concern.

II. EU Investigation

European Union (“EU”) Regulation No. 2020/C51/12 of 14 February 2020 notified the commencement of an anti-dumping proceeding concerning imports of aluminium extrusions originating in China. The notification of the investigation follows an application by European Aluminium (“the complainant”) made on behalf of seven producers that accounted for more than 25 per cent of total EU production of aluminium extrusions.

Specifically, the goods the subject of the EU investigation as contained in EU Regulation 2020/C51/12 (see attached at Non-Confidential Attachment 1) are as follows:

“Bars, rods, profiles (whether or not hollow), tubes, pipes; unassembled, whether not prepared for use in structures (e.g. cut-to-length, drilled, bent, chamfered, threaded); made from aluminium, whether or not alloyed, containing not more than 99,3 % of aluminium”

The following products are not covered:

- i. Products attached (e.g. by welding or fasteners) to form subassemblies;*
- ii. Welded tubes and pipes;*
- iii. Products in a packaged kit with the necessary parts to assemble a finished product without further finishing or fabrication of the parts (“finished goods kit”).*

The goods coverage is not dissimilar to the goods covered by anti-dumping and countervailing measures in Australia.

The EU complainant industry has asserted that *“it is not appropriate to use domestic prices and costs in PRC ...due to the existence of significant distortions within the meaning of point (b) of Article 2 (6a) of the basic Regulation.”*

The EU recently introduced Regulation EU 2017/2321 that addresses dumping where domestic prices are distorted (refer Non-Confidential Attachment 2). The amending Regulation defined “significant distortions” as follows:

(Article 2 6a (b) Significant distortions are those distortions which occur when reported prices or costs, including the costs of raw materials and energy, are not the result of free market forces because that are affected by substantial government intervention. In assessing the existence of significant distortions regard shall be had, inter alia, to the potential impact of one or more of the following elements:

- *The market in question being served to a significant extent by enterprises which operate under the ownership, control or policy supervision or guidance of the authorities of the exporting country;*
- *State presence in firms allowing the state to interfere with respect to prices or costs;*
- *Public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces;*
- *The lack, discriminatory application or inadequate enforcement of bankruptcy, corporate or property laws;*
- *Wage costs being distorted;*
- *Access to finance by institutions which implement public policy objectives or otherwise not acting independently of the state.*

The adoption and application of the new Regulation in 2017 permits the European Commission, where appropriate, to base normal values *“on the basis of costs or production and sale reflecting undistorted prices or benchmarks”*.

The EU Regulation aligns EU practice to Australia’s particular market situation principles that have been applied to investigations involving aluminium extrusions exported from China.

III. Supporting evidence nominated by EU complainant industry

The application by the EU aluminium extrusions complainant industry referenced a number of Reports that support assertions the Chinese aluminium extrusions industry is subject to market distortions. These Reports include:

- “Commission Staff Working Document on Significant Distortions in the Economy of the PRC” of 20 December 2017 (Non-Confidential Attachment 2);
- “Overcapacity in China: An impediment to the Party’s Reform Agenda” by the EU Chamber of Commerce in Beijing; and
- the OECD Report “Measuring Distortions in International Markets – The aluminium value chain”.

IV. Supporting evidence to earlier Commission investigations

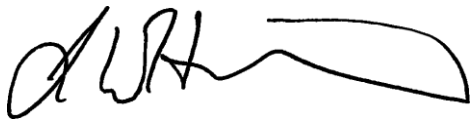
The above nominated Reports affirm the findings of the Anti-Dumping Commission in original Report 148 and Continuation Report 287, along with Review of Measures Reports 186, 229, 248, 304 and 392 that the Chinese market for aluminium extrusions is distorted due to government influence on raw material inputs such that domestic selling prices for aluminium extrusions are lower than they otherwise would be.

Capral maintains that domestic selling prices in China are distorted due to the government of China's intervention in the raw material aluminium sector where state invested enterprises ("SIEs") dominate production and produce raw materials at artificially low prices to manufacturers of aluminium extrusions.

Normal values for aluminium extrusions manufactured in China therefore cannot be determined under subsection 269TAC(1) and must be based upon a constructed basis in accordance with subsection 269TAC(2)(c) with amounts for selling and administration and profit included as required by Sections 43, 44 and 45 of the *Customs (International Obligations) Regulation 2015*.

Capral looks forward to assisting the Commission with its investigations in this continuation of measures inquiry. If you have any questions concerning this letter, 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

A handwritten signature in black ink, appearing to read 'LHAWKINS', with a long horizontal flourish extending to the right.

Luke Hawkins
General Manager – Supply and Industrial Solutions