

30 April 2020

Mr Reuben McGovern
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Investigations 4
Anti-Dumping Commission
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Public File

Dear Mr McGovern

Investigation No. 543 – Exporter Briefings

I. Exporter briefings

Capral Limited (“Capral”) has prepared the attached Exporter Briefings for Chinese Exporters that have been “selected” following a sampling process as part of Continuation of Measures Investigation No. 543 (“Invest 543”).

The selected exporters identified by the Anti-Dumping Commission (“the Commission”) includes:

- Foshan City Sanshui Yongya Aluminium Co., Ltd (“Yongya”);
- Goomax Metal Co., Ltd Fujian (“Goomax”);
- Guangdong Jinxi Cheng Al Manufacturing Co., Ltd (“Jinxi Cheng”);
- Tai Shan City Kam Kiu Aluminium Extrusions Co., Ltd (“Kam Kiu”);
- PanAsia Aluminium (China) Limited (“PanAsia”); and
- Foshan Shunde Beijiao Jiawei Aluminium Factory Co., Ltd (“Jiawei”).

II. Particular Market Situation for aluminium extrusions

In the recent review of measures investigations involving exports of aluminium extrusions to Australia the Commission has been satisfied that interventions by the Government of China (“GOC”) in influencing raw material input costs has influenced the domestic selling prices of aluminium extrusions in China. As such, a particular market situation exists for aluminium extrusions sold in China as domestic prices are considered to be lower than they otherwise would be because of the intervention.

Normal values therefore for Chinese aluminium extrusions exporters are based upon a constructed cost methodology (under subsection 269TAC(2)(c)). On the basis that the exporter’s production and selling costs have been validated, a benchmark aluminium price is substituted into the exporter’s cost of production. Selling, General and Administration expenses, and Profit, are determined in accordance with the Regulations 43, 44 and 45 of *Customs (International Obligations) Regulations 2015*.

Capral highlights with the Commission that purchased aluminium must reflect the sum of:

- Aluminium at prevailing London Metal Exchange (“LME”) cash rate; plus
- Billet premiums; plus
- Major Japanese Port (“MJP”) premium that is applicable to all aluminium purchases in South East Asia, including Chinese manufacturers.

The aluminium purchase price to be included in each exporter’s constructed cost should reflect the sum of these variables.

In addition, Capral would draw to the attention of the Commission the experiences from earlier Investigations 362, 392 and 482 that have confirmed the higher costs incurred by manufacturers for export packaging that includes: steel trolleys, wooden crates and inter leave paper. Normal values for additional packaging costs for export require an upwards adjustment.

III. Increases in CPI

There has been an 18-month gap between the end of the investigation period in Invest 482 and the end of the current investigation period (i.e. 31 December 2019). Over this period inflation in China has increased – refer Table 1 below.

Table 1 – China annual CPI¹

Year	Annual inflation
2017	1.5%
2018	2.1%
2019	2.8%

Source: *Tradingeconomics*.

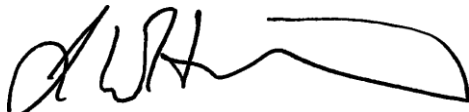
This inflationary impact would have caused increases in raw material input costs (other than aluminium) in China including electricity, transport fuels, labour, utilities and operating costs.

According to *Tradingeconomics*² the average Chinese wage in manufacturing increased from CNY64452 in 2017 to CNY72088 in 2018 (an increase of almost 12 per cent). It is Capral’s expectation that the increased wages bill for Chinese aluminium extruders would be reflected in the 2019 manufacturing costs supplied by Chinese cooperative exporters.

The Commission is requested to validate wages growth for aluminium extruders since the last review period.

If you have any questions concerning this submission (or the attached exporter briefings), 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



Luke Hawkins
General Manager – Supply and Industrial Solutions

¹ Inflation.eu Worldwide inflation data

² See tradingeconomics.com/china/wages-in-manufacturing