

24 June 2020

The Director
Investigations 3
Anti-Dumping Commission
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Public File

Dear Sir/Madam

Investigation No. 543 – Continuation of measures on aluminium extrusions exported from The People’s Republic of China – Exporter Supplementary Questionnaire Responses

I. Introduction

I refer to the Exporter Supplementary Questionnaire Responses (“ESQRs”) recently placed on the Public Record in continuation of measures Investigation No. 543 concerning aluminium extrusions exported from The People’s Republic of China (“China”).

Capral Limited (“Capral”) provides the following comments.

II. Tai Shan City Kam Kiu Aluminium Extrusion Co., Ltd

At Part A-3.13 of the ESQR, Tai Shan City Kam Kiu Aluminium Extrusion Co., Ltd (“Kam Kiu”) indicates in its response as to how it differentiates pricing for different models/products as follows¹:

“KAE differentiate pricing for different products/models of the goods in the Chinese market firstly by the difficulty of product manufacturing, and secondly by the different industries that the product belongs to.”

Interestingly, Kam Kiu’s response does not reference that it sells its aluminium extrusions on the domestic market according to finish (i.e. whether mill finish, powder coated, anodised, etc). The costs associated with finish should be a determining factor of price.

Refer to Capral’s submission dated 8 June 2020 concerning the Kam Kiu original EQR for Capral’s further concerns in respect of this exporter (EPR Document 036).

III. Fujian Minfa Aluminium Inc.

Fujian Minfa Aluminium Inc (“Fujian Minfa”) has confirmed that its main source of revenue is from domestic sales of aluminium extrusions in China.

Fujian Minfa sells domestically via to two channels – to distributors and to end-use customers. It has a sales force of approximately 80 people, with some located in provinces other than where goods are manufactured. Fujian Minfa has a relatively large sales force. The costs associated with this sales force should be reflected in Fujian Minfa’s selling and general administrative expenses.

¹ Kam Kiu ESQR, EPR Document 034, P. 19.

Capral notes that Fujian Minfa purchases aluminium based upon a “*spot price of Nanhai aluminium ingot...or the spot price of Changjiang aluminium ingot*”. Fujian Minfa confirms that it does not purchase aluminium ingot as per LME market prices for aluminium ingot, but based upon domestic exchange aluminium ingot prices. When pricing for domestic sales Fujian Minfa uses the prevailing price for the aluminium ingot “on the date of the customer’s order”.

Fujian Minfa maintains inventories for aluminium extrusions of at least 5,000 tonnes per month, although this can increase to as much as 9,000 tonnes per month. The holding costs of the large inventories should be reflected in the exporter’s normal value.

Fujian Minfa sells to only one customer in Australia during the investigation period. All product is anodised material. The exporter operates on a raw material cost plus processing fee plus profit basis.

IV. Goomax Metal Co., Ltd Fujian

In respect of export sales to Australia, the ESQR for Goomax Metal Co., Ltd Fujian (“Goomax”) states that the “volume of sales to a customer or the size of an order has little influence on the selling price”. All selling prices, however, are negotiated. Goomax’ comments here appear to be contradictory, although it appears that Goomax’ selling prices may in fact be flat and are not influenced by the customer’s buying power.

V. Foshan Sanshui Yongya Co., Ltd

According to Foshan Shanshui Yongya Co., Ltd (“Yongya”) ESQR it adopts a “cost-plus pricing strategy”.

Yongya has a domestic sales team of approximately 15 personnel. For export sales to Australia, Yongya sells through a trading company. It sells its goods to Australia based upon the determined “floor price” as determined in the anti-dumping measures. This highlights the importance of the combination form of anti-dumping measures applicable to Chinese exporters that should be retained to have the desired effect to minimise material injury from dumping.

VI. Guangdong Jinxicheng AL. Manufacturing Co., Ltd

As with responses by Yongya, Guangdong Jinxicheng AL. Manufacturing Co., Ltd (“Jinxicheng”) export prices to Australia are influenced by the floor price of the anti-dumping measure.

Jinxicheng states that it prices on the domestic market on a cost-plus basis and prices are negotiated with its customers. However, it would suggest that should the anti-dumping measure be allowed to expire, Jinxicheng would seek to reduce its export price to secure increased sales volumes.

VII. PanAsia Aluminium (China) Limited

PanAsia Aluminium (China) Limited (“PanAsia”) has suggested that a certain volume of its exports to Australia are for goods that are not made in Australia or which it asserts is due to the “limited presses available locally” to produce customer specific aluminium extrusions that are not high-volume product lines. PanAsia also states “A key aspect of the Australian market is the inability and/or unwillingness of local producers to make and supply customer profiles required by customers”.

Capral disputes these unsupported claims and generalisation. Capral produces many different sized extrusions on its presses including small volume items that are often unique and specialised. Capral does not consider that PanAsia’s comments can be considered to apply to the Australian industry’s preparedness to accept orders for specialised aluminium extrusions.

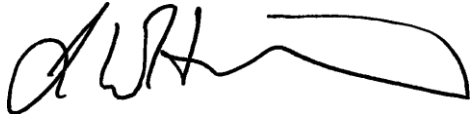
VIII. Press Metal International

Press Metal International (“PMI”) ESQR confirms that the exporter has increased production capacity in the last five years as well as incorporated a smelting production line.

The Commission will request supporting information as to the costs associated with the addition of the new extrusion capacity and smelting lines to establish that the exporter's conversion costs reflect the increased cost of new assets.

If you have any questions concerning this submission, 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