

16 October 2020

Mr Gavin Crooks
Assistant Director
Investigations 3
Anti-Dumping Commission
Level 35
55 Collins Street
Melbourne Victoria 3000

Email: Gavin.Crooks@adcommission.gov.au

PUBLIC FILE

Dear Mr Crooks

Investigations No. 544 - Review of variable factors - Aluminium Extrusions exported from Malaysia and Vietnam – East Asia Aluminium Company Limited Verification Report

I refer to the East Asia Aluminium Company Limited (“EAA”) exporter verification report (“the report”) placed on the electronic public record (“EPR”) in Investigation No. 544 (“Invest 544”).

Capral Limited (“Capral”) has reviewed the report and provides the following comments in respect of the Anti-Dumping Commission’s (“the Commission”) preliminary findings.

I. Sales revenue and costs

Capral notes the Commission’s concerns at Section 1.3 of the report which states the following:

“...it is noted that a proportion of costs (and revenue) in relation to export sales are attributable to EAA’s related party and are not recorded in EAA’s audited accounting records. EAA’s related party does not have audited financial statements, or other management reports, relating to the review period. The verification team were unable to determine whether these costs were held in accordance with generally accepted accounting principles in the country of export.”

It is apparent that certain costs and revenues that relate to domestic sales are not included in the audited financial statements. This exclusion of costs and revenues raises concerns about the reliability of the total costs and revenues that the Commission has validated and the allocation of the correct costs for the goods the subject of investigation.

As EAA is an integrated producer, Capral raises its concern with the Commission as to whether it can be satisfied that all costs and revenues for the subject goods have been properly recorded and allocated it for the purposes of the verification.

II. Specification adjustment

The Commission made a specification adjustment for normal values to be constructed for sales of M-B and PC-B products where there was an absence of domestic sales by EAA.

It is not clear from the EAA verification report the basis upon which the specification adjustment for the two identified models has been made? It is assumed the adjustment has been made on costs, however, how was this validated?

III. General adjustments

Capral welcomes the Commission's treatment of EAA's export-related costs, including for packaging and trolleys for the exported goods.

Related party export sales

Capral notes at Section 1.2 of EAA's verification report that the exporter sells the subject goods to Australia via a related party to "perform various functions in relation to the sales process. The related party is not incorporated in Vietnam." In light of these circumstances, the Commission should have included upward adjustments to EAA's normal value for:

- SG&A expenses of the "trader" role performed by the related party company; and
- Profit of the "trader" related party.

It would be usual practice of the Commission to make adjustments of this nature for a "trader" that operates between the exporter and the Australian importer.

IV. Claimed adjustment for die moulds

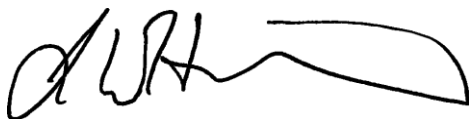
Capral noted in its earlier submission that EAA made a request for an adjustment for a "new mould" on its domestic market sales, which it has not incurred on export sales. Each sale – whether domestic or export, would have an amount built-in for the cost recovery of moulds (or dies) used in the manufacture of the extrusions. An adjustment for moulds used on domestic sales would not permit fair comparison between domestic and export sales and EAA's claim must therefore be rejected.

The Commission's position of not accepting an adjustment is supported by Capral.

The above matters will influence the determination of EAA's normal values for mill finish and powder coated normal values. The Commission is requested to have due regard to the matters raised by Capral in the assessment of EAA's dumping margin on the goods exported to Australia by EAA.

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



Luke Hawkins
General Manager – Supply and Industrial Solutions