

15-10-2021

PUBLIC RECORD NON-CONFIDENTIAL

The Director – Investigations 4
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601,

Dear Director,

RE : (A) **DUMPING INVESTIGATION 554 ALLEGED DUMPING OF CONCRETE UNDERLAY FILM EXPORTED TO AUSTRALIA FROM MALAYSIA**

(B) **COMMENTS TO THE VERIFICATION FILE NOTE AND SEF NO. 554 L&L TRADING ENTERPRISE SDN BHD – EXPORTER/MANUFACTURER FROM MALAYSIA**

This submission is made on behalf of L&L Trading Enterprise Sdn Bhd (**L&L Trading**) to the current dumping investigation into concrete underlay film exported from Malaysia (Investigation 554) in response to the findings made by the Anti-Dumping Commission (ADC) in the Statement of Essential Facts (SEF) published on 27th September 2021.

According to SEF, the commission's assessment of the dumping margin in relation to concrete underlay film exported to Australia from Malaysia is determined preliminarily at **23.2%**. Subsequently, the commission has proposed a recommendation of **22.8%** as IDD (Interim Dumping Duty) being imposed as securities rate for all the goods exported from Malaysia (L&L Trading Enterprise Sdn Bhd) effective on, or after **28th September 2021**. This surprise recommendation with a minimal notice period has caused L&L Trading multiple obstacles in proceeding its business activities primarily to respective importers in Australia.

With reference to the preliminary dumping margin being assessed by Anti-Dumping Commission (ADC), L&L Trading would like to state as follows:

- a) L&L Trading produced **{SENSITIVE PRODUCTION INFORMATION}** of concrete underlay film during the period of investigation – 1st July 2019 to 30th June 2020.
- b) This large production volume is due to strong procurement relationships with reputable raw material suppliers in the industry which enables L&L Trading to achieve low cost in producing concrete underlay film to be exported to Australia.
- c) Amongst all exporters in Malaysia for concrete underlay film, L&L Trading remains as preferred manufacturer by raw material suppliers due to high volume commitments and remains extremely competitive in pricing for its products to customers.

- d) The result of this low cost enables L&L Trading to provide importers from Australia with a competitive selling price and subsequently passing all cost savings to the end users in Australia who benefit by obtaining quality and accredited films in accordance with AS2870 – 2011 standards.
- e) In reference to Appendix 2- CTMS – (a) Dom SG&A calculation, the unit cost per MYR/KG for domestic SG&A is valued at **{SENSITIVE PRICE INFORMATION}**. This is derived from 4 transactions of sales of like goods domestically. L&L Trading would like to stress in the local domestic market, there's no regulation and standards governing the industry and the goods under investigation are not manufactured separately by L&L Trading but as part of a group of products under the same production line.
- f) In the period of investigation, L&L Trading has manufactured **{SENSITIVE PRODUCTION INFORMATION}** of sales of like goods for domestic and SG&A unit cost per MYR/KG is valued at **{SENSITIVE PRICE INFORMATION}**. Therefore, it is illogical to compute the domestic SG&A at a unit cost of **{SENSITIVE PRICE INFORMATION}** per kg by reference to only the goods under investigation instead of the SG&A for the whole group of products manufactured under the same production line, which amounts to **{SENSITIVE PRICE INFORMATION}** per kg. The higher SG&A has resulted in a higher dumping margin being imposed on L&L Trading.
- g) In addition, the verification team has adjusted and uplifted **{SENSITIVE COST INFORMATION}** of the CTM – Australia and recomputed a **new unit CTM MYR/KG** for computation purposes. While this increases the CTM, it does not reflect the actual reported inputs of L&L Trading as all data related to cost to make has been validated and vetted by local appointed statutory, accounting and audit regulatory bodies before being presented to the commission. The adjustment therefore casts unfounded and unfair aspersions on not only L&L Trading but also on the regulatory bodies.
- h) Moving on, referring to Appendix 3 – Normal Value – (a) Domestic Sales. The verification team has made references to **{SENSITIVE SALES INFORMATION}** sales transactions to **{SENSITIVE SALES INFORMATION}**. Nonetheless, the team has carried out profitability and sufficient test and determination of profit margin. L&L Trading do not agree with the approach, as **{SENSITIVE COST INFORMATION}** do not construct a valid reference due to the selective sampling transaction being taken under consideration. Again, L&L Trading recap, NO regulation is observed for local domestic usage of builders' film. Hence, the sales transaction does not represent all overall domestic transactions which will give a better and more realistic profit margin as opposed to selective methodology.
- i) The OCOT profit margin displayed in the Appendix 3 – Normal Value – (e) Profit Margin. The verification team computed **{SENSITIVE COST INFORMATION}**. L&L Trading disagrees with the approach and seeks the commission's reassessment. From a manufacturer's perspective, it's not feasible to obtain the above mentioned as due to stiff competition and constant fluctuating prices of raw materials and other attributes of manufacturing and direct expenses especially during this pandemic situation.

PUBLIC RECORD NON-CONFIDENTIAL

- j) In addition, reference being made to Appendix 3 – Normal Value – (f) Export Adjustments. The verification team has mentioned borrowing rate on CIMB Bank as an export direct selling expense. L&L Trading's practice of export direct credit terms is **{SENSITIVE SALES INFORMATION}** but instead no terms are provided to customers. Customers are required to make payment upon acceptance of BIL before being shipped out for export. The additional adjustment has increased the export price and increased the normal value for sales of the like goods. There is no basis whatever for these borrowings from CIMB Bank to be considered in computing the export price to customer.
- k) In line mentioned thus far, L&L Trading finds the constructed normal value needs to be revised due to all above reasoning and explanation. Having said, after taking into consideration for the proposed amendments, a fair and more realistic normal value could be achieved in ensuring export prices for the Australia Sales.
- l) With reference to Appendix 4 – Dumping Margin – (b) and (c), L&L Trading seeks a reconsideration for the preliminary rate of analysis being determined at **23.2%**. In the circumstances, L&L Trading proposes a revision downwards of the dumping rate or its non-imposition.

This lower rate would better reflect the cooperation extended by L&L Trading in this investigation as the current securities rate is only **0.7%** lesser than the rate imposed upon all other Malaysian exporters as per Preliminary Affirmative Determination (PAD). It would be a shame if the extensive time, effort and cost invested by L&L Trading into this investigation results in L&L Trading being treated no differently than an uncooperative exporter.

The high dumping rate imposed upon L&L Trading affects its competitiveness and ability to export to Australia. The competitive pricing has only been possible due to the high production of L&L Trading and the benefits are passed on to the end users in Australia.

Thank you, Director. We look forward to hearing back positively from you.

On behalf of L&L Trading Enterprise Sdn Bhd,

Sujendran Balakrishnan
Principal Consultant
Trisul Management & Consulting