

25 February 2022

Mr Cameron Kennedy
A/g Assistant Director
Investigations 3
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

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Public File

Dear Mr Cameron

Investigation No. 582 – Response to request for information (18 February 2022) - Clear float glass exported from Malaysia and UAE

I. ADC Request

We refer to your email of 18 February 2022 following further representations by the UAE exporter Guardian Zoujaj International Float Glass Co. LLC (“Guardian RAK”) dated 8 February 2022 (EPR Document No. 025).

Following this further submission by Guardian RAK you have sought additional information from Oceania Glass including:

- (i) Further examples of Oceania Glass’ use of an import parity (IPP) model and how it takes into account prices of the goods exported from the UAE, relevant to the investigation period. If possible provide examples in relation to both cooperating exporters in respect of the investigation;
- (ii) Explain and provide evidence of how the IPP model factored in prices from other countries that are not the subject of the investigation, during the investigation period;
- (iii) Explanation of how the IPP model is used by Oceania Glass or factored into customer specific negotiation process, relevant to the investigation period. Provide evidence of how the IPP model has been used internally by sales staff to arrive at a final customer specific price during the investigation period.
- (iv) How Oceania’s price increases following the investigation period were determined by Oceania Glass. In responding, please confirm whether or not those price increases were determined using the same IPP model said to be utilised during the investigation period or whether any additional considerations were taken into account.

II. Oceania Glass Response

A. Relevant considerations

Oceania Glass seeks to re-affirm the points made in its 24 January 2022 response to the Anti-Dumping Commission's ("the Commission") email of 19 January 2022.

Oceania Glass understands that the Commission's further inquiries relate to the most recent submission by Guardian RAK. It is contended on behalf of the exporter that Oceania Glass operates an import parity pricing ("IPP") model that it uses to nominate competitive offers to local customers. As indicated in its 24 January 2021 submission, Oceania Glass **monitors** import parity prices (sourced from ABS import data) from countries that are key suppliers in the Australian market. In the investigation period, the key suppliers were Guardian RAK and Emirates Float Glass ("EFG") of UAE, Xinyi Energy Smart (Malaysia) Sdn Bhd ("Xinyi"), and exporters in Indonesia. Oceania Glass is also cognisant of exporters in China – the world's largest producing country of CFG.

Oceania Glass does not operate an "IPP model" that it inputs prices for CFG sold in Malaysia, UAE or Indonesia. Domestic pricing information for CFG in these markets is not available to Oceania Glass.

Oceania Glass does access limited pricing information for CFG sold in [source] for CFG per tonne in [currency]. This is the only international domestic pricing information that Oceania Glass has regular access to and which it utilises to assess the credibility of offers for CFG by suppliers into the Australian market (e.g. for CFG sold by Guardian RAK or EFG) received in negotiations for supply with customers.

Through the investigation period, and as is demonstrated in Confidential Attachment 1, Oceania Glass's pricing relative to the [country] prices showed that the average prices it charges in the local market were above the landed [country] reference for that period. Given [country] competitive cost of supply [redacted – details that identify source], it is not sustainable for Oceania Glass to price at landed [country] price equivalents and the company will not price against import offers (eg from Guardian RAK and EFG) below these prices. These pricing options are available to Oceania Glass and the company will need to balance all relevant factors in determining its market offers.

In customer negotiations, Oceania Glass is informed of its competitiveness with imports, and it is in these discussions that Oceania Glass must decide its final price offer to supply.

Oceania Glass included in its application for measures examples where it was competing with the dumped and injurious imports – refer Case Study 4 at P. 30. Additionally, the Commission identified in Statement of Essential Facts No. 582 ("SEF 582") that the selling prices by Guardian RAK and EFG either undercut or were at same level as Oceania Glass' prices (refer price undercutting analysis at customer B, C and D analysis of Section 9.7.1 of SEF 582 detailing undercutting by Guardian RAK and

EFG.

B. Further examples of undercutting

The Commission has requested “further examples of Oceania Glass’ use of an import parity model”.

Oceania Glass does not solely rely upon an “IPP model” as suggested by the Commission (which it would appear has again been requested due to the representations made on behalf of Guardian RAK). As confirmed, indicative pricing offers for competitive imported CFG received in customer negotiations influence Oceania Glass’ final price offer(s) – with select grades potentially targeted. Oceania Glass has encountered a reluctance by customers to disclose the import source and supplier name for competitive pricing – making it very difficult for Oceania Glass to provide clear price undercutting examples for the purpose of an anti-dumping application. Where this information is available it has been provided to the Commission.

Oceania Glass included in its application the information available to it from customer negotiations to demonstrate it was experiencing pricing pressures from imports sourced from Guardian RAK (i.e. Case Study 4).

C. IPP pricing

Oceania Glass does not factor in selling prices for a range of countries in what the Commission has referenced as Oceania Glass’ “IPP model”.

As referenced in Oceania Glass’ 24 January 2022 submission (and re-affirmed here) Oceania Glass does not model import prices for different exporters from different countries. Oceania Glass responds to customer feedback concerning import offers for supply.

D. Customer negotiations in investigation period

Oceania Glass has provided the Commission with the information available to it in respect of the competitive prices for imported CFG during the investigation period (Case Studies 1-4 in application). Oceania Glass’ sales and marketing personnel regularly interact with customers to assess immediate and longer-term purchasing requirements. These discussions also reference Oceania Glass’ competitiveness with alternate, import sources of supply. The sales and marketing personnel will seek approval from Oceania Glass Executive to reduce prices to meet competitive import offers. Following discussion with Oceania Glass Executive, a revised price that is competitive with an imported price is derived.

The relevant consideration is that the customer has provided Oceania Glass with feedback as to its competitiveness with imports for the supply of the subject volumes. There is no referenced “IPP model” that Guardian RAK continues to suggest. The fact that Oceania Glass’ prices are above the import parity price reflects a premium that the local supplier achieves via the certainty of supply and available

technical support. It cannot be inferred that Oceania Glass has not suffered injury from the price undercutting – as Figures 11 and 13 in SEF 582 confirm Oceania Glass was experiencing price suppression (due to higher costs and suppressed prices) and lost profit and profitability during the investigation period.

E. Price increases

Guardian RAK asserts that Oceania Glass implemented “*three price increases*” including the first “*which occurred the day immediately following the investigation period*”.

Guardian RAK’s assertion of three price increases is incorrect. Oceania Glass sought to increase selling prices on two occasions – the first in mid-July 2021 and the second in January 2022.

Oceania Glass submits that the Commission’s Figure 11 in SEF 582 (at Page 58) confirms that Oceania Glass had experienced cost increases since 2016/17 and that it did not raise selling prices until the first notification – with effect from 15 July 2021 (Refer Confidential Attachment 2).

A further price increase to again address escalating raw material soda ash price increases was made in January 2022 (Refer Confidential Attachment 3).

The price increases were based upon Oceania Glass absorption of increases in costs that occurred in successive periods prior to the investigation period (first instance) and the second related to the xx per cent increase in the key raw material input soda ash price and the xx per cent increase in fuel costs (i.e. natural gas for production and fuel costs for transportation).

The cost increases were required to prevent Oceania Glass slipping into negative returns and essential for the long-term viability of the CFG manufacturing operation. The first price increase was required to address continued cost increases from earlier periods (including the investigation period) whilst the second increase relates to raw material cost increases experienced by all CFG producers globally.

The referenced price increases that were in response to cost increases occurred outside of the investigation period (the first being 3.5 months following the investigation period, and the second nine months following the end of the investigation period).

F. Closing comments

Oceania Glass has provided the Commission with detailed responses to the queries raised in the email of 18 February 2022. Oceania Glass has re-affirmed its position concerning its price negotiation process with customers where alternate competitive offers for imported CFG have been identified. Oceania Glass seeks to provide competitive prices with imported CFG and included causation case study examples in its application.



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The Commission further confirmed (customers C, D and E) price undercutting from exporters in the UAE during the investigation period evidencing injury experienced by Oceania Glass.

Oceania Glass implemented two price increases following the investigation period – both in response to increases in raw material costs. The first increase related to ongoing cost pressures (refer Figure 11 at P. 58 of SEF 582) and the second due to sharp increases in raw material input costs in 2021. Selling price increases were necessary to ensure Oceania Glass remains viable in the short term.

It is anticipated that your queries in your 18 February 2022 email have been addressed. If you require any further information, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'A. Alembakis', written over a light blue horizontal line.

Anthony Alembakis
Chief Financial Officer

