



ADRP Conference Summary

Review No. 135 & 137 – Aluminium Extrusions (mill finish) exported from Malaysia and Aluminium Extrusions (surface finished) exported from Malaysia

Panel Member	Paul O'Connor
Review type	Review of Minister's decision
Date	30 July 2021
Participants	Larry Isaac and Gavin Crooks – Anti-Dumping Commission representatives
Time opened	3:00pm AEST
Time closed	5:00pm AEST

Purpose

The purpose of this conference was to obtain further information in relation to the applications for review before the Anti-Dumping Review Panel (Review Panel) in relation to Aluminium Extrusions, Mill Finish (REP 540) and Surface Finished (REP 541) exported from Malaysia.

The conference was held pursuant to section 269ZZHA of the *Customs Act 1901* (the Act).

In the course of the conference, I was able to ask Anti-Dumping Commission representatives (Commission representatives) to clarify certain comments made in REP 540 and REP 541 and in Commission documentation provided to the Review Panel. The conference was not a formal hearing of the review.

I have only had regard to information provided at this conference to the extent that it relates to relevant information within the meaning of section 269ZZK of the Act. Any conclusions reached at this conference are based on that relevant information. Information that relates to some new argument not previously put in an application or submission is not something that the Review Panel may have regard to and, therefore, is not reflected in this conference summary.

At the time of the conference, I advised the participants:

- That the conference was being recorded and transcribed by Express Virtual Meetings Pty Ltd, and that the recording would capture everything said during the conference.



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- That the conference was being recorded for the Review Panel to have regard to when preparing a conference summary. The conference summary would then be published on the Review Panel's website.
- Any confidential information discussed during the conference would be redacted from the conference summary prior to publication.

Prior to the conference, participants were provided with a copy of the Review Panel's Privacy Statement. The Privacy Statement outlines who the conference recording and transcript may be disclosed to. The Privacy Statement is available on the Review Panel's website [here](#). The participants indicated that they understood the Privacy Statement and consented to:

- The recording of the conference; and
- The recording being dealt with as set out in the Privacy Statement.

Discussion

The specific information that the Review Panel sought in this conference relevant to REP 540 Mill Finish was as follows:

1. ADRP Report No. 120, dated February 2021, identified that as there were identical goods sold on the domestic market to those exported to Australia and that as those transactions were in sufficient volumes, in arms length transactions, and in the ordinary course of trade, they should have been used to determine the normal value under s.269TAC(1). In the present case, there appears to be a difference between "special" goods and "standard" goods and that only "standard" goods were exported to Australia. The Commission representatives stated that they were not entirely cognisant of the earlier ADRP report at the time when they made their recommendations to the Minister with respect to REP 540.
2. With reference to the application of model control codes (MCC) the Commission had identified two types of aluminium extrusions that were exported to Australia, and which fell within two of the codes: namely M-6A-T1 and M-6C-T1. Commission representatives noted that Milleon did not make a submission about the suitability of the proposed MCC structure which is designed to capture the key cost drivers and price determinants.



3. With respect to the exported goods, based on the data available to the Commission, a significant price difference had not been identified between the “special” goods sold on the domestic market and the “standard” goods exported to Australia. The Commission did not observe any significant spread of differences in either the prices or costs of those goods.
4. Commission representatives noted that Milleon’s application attempts to classify or designate certain like goods into subsets of “special” and “standard” on the basis of differences in production processes which are claimed to apply to the goods purchased by only three domestic customers, and which are defined by specific product codes.
5. Commission representatives confirmed that the like goods described by Milleon as “special” goods, when identified by the relevant Milleon product codes, were not exported to Australia.
6. Commission representatives stated that Milleon’s sales of goods falling within the MCC M-6A-T1 captured sales of both “special” and “standard” goods and that the vast majority of the goods exported to Australia also fell within MCC M-6A-T1. This particular MCC, on the domestic side, is made up of 377 individual different products including what are described as the “special” goods. Therefore, the determination of normal value under s.269TAC(1) had captured or included domestic sales of both “special and “standard” goods. Milleon’s argument is that domestic sales of “special” goods should have been excluded from that determination.
7. Commission representatives noted that the domestic sales of “special” goods which fell within MCC M-6A-T1 were typically of a length which ranged between 0.9m and 1.94m and these accounted for approximately [REDACTED]% of total domestic sales. Domestic sales of “standard” goods falling within that MCC accounted for approximately [REDACTED]% of domestic sales and these were typically of a length within the range between 5.5 m and 6.5 m.
8. Of the goods exported to Australia falling within MCC M-6A-T1, approximately [REDACTED]% of the volume of such goods were of a length between 5.5 to 6.5 m. The Commission did observe small quantities ([REDACTED] tonnes or [REDACTED]% by volume) of the goods having the same length range as “special” goods. In the Commission’s experience, extrusions having a length of between 1 and 2 m are generally produced through an



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off-line process called precision cutting. In the course of the investigation the Commission had obtained price lists from other exporters which clearly showed that below a certain length, prices were subject to a “fabricator’s quote” which reflected the additional costs associated with the precision cutting and resultant manual handling.

9. Of the varying lengths of the exported goods which fell within MCC M-6A-T1, the Commission noted that the price only varied by AUD\$ [REDACTED] per kilogram on a weighted average basis with the shorter goods being towards the top of that range.

10. The Commission representatives noted that it was possible to adjust out the effect on price due to the additional production processes for certain product codes and still maintain the MCC structure in its original form. With respect to REP 540, the Commission observed a precision cutting charge applied to the shorter lengths within the “special” goods and adjusted, downwards, the normal value of the exported “standard” goods to reflect this charge. However, with respect to Milleon’s claims for additional costs associated with items such as quality control, the Commission was unable to adjust out such costs as the information was not sufficient to allow the value of such processes to be quantified. The Commission representatives noted that the purpose of the RFI was to seek information around things like the frequency of additional production activities related to the “special” goods. Unfortunately, the Commission asserts that Milleon was not able to provide the level of detail needed and in the absence of such specific references in their price lists, the Commission had nothing to go on to work out whether the higher price was a result of an incrementally much higher cost of production, or whether it was merely the result of a rather profitable transaction to a particular subset of customers.

11. The Commission representatives noted that although on page 21 of Milleon’s response to the Commission’s RFI Milleon claimed the percentage difference in prices of “special” goods relative to the prices of “standard” goods ranged between [REDACTED]% and [REDACTED]% this claim was unsupported by reference to any calculations or evidence. The Commission had however charted the population of all domestic sales and noted that the prices paid by two of the three purchases of “special” goods sat within a range of prices between around MYR [REDACTED] per kilo and MYR [REDACTED] per kilo, and although they sat near the top of the range of prices, they had not reached the price paid by the third remaining purchaser of “special” goods. The Commission therefore does not agree that the sale prices to two out of the three “special” goods



customers were necessarily that much higher such that it warrants a conclusion that the extra processes have caused these prices to be extraordinarily higher than the prices of any other like good.

12. The Commission representatives noted that a reason why the purchase prices of one of the “special” goods customers were the highest was due to the fact that its prices were pegged to the prevailing London Metal Exchange (LME) price. The price for this customer was determined in June 2018 when the LME price at that time was significantly higher than the LME price that was prevailing during the investigation period in 2019.

The specific information that the Review Panel sought in this conference relevant to REP 541 Surface Finished was as follows:

13. Commission representatives noted that SEF 541 stated Capral’s production of the goods under consideration made up at least 30% of the Australian industry’s production in terms of volume. Subsequent to publication of SEF 541, when the production data from G James and INEX was added to Capral’s, its production of the like goods was at least 39% of the Australian industry’s production in terms of volume. The aggregated data provided by Capral, G James and INEX represented about 70% of the Australian industry’s production in terms of volume.
14. Commission representatives pointed to the key analysis relating to price undercutting and its impact upon the three Australian producers had been the subject of detailed examination. It was noted that G James and INEX compete in the same marketplace and against the same overseas producers from a variety of countries including Malaysia. The Commission representatives emphasised that it had not been argued before the Commission that Capral, G James and INEX, or the Australian industry generally, were not competing against sale of dumped imports from Malaysia.
15. The Commission had found that G James and INEX both exhibited economic performance trends comparable to Capral’s and which related to declining profits and price over the injury analysis period. This was accompanied by either a levelling or a decline in sales volume. The Commission representatives noted the task was a hypothetical one, namely a counterfactual causation analysis to identify the economic condition of the Australian industry as a whole in the absence of dumped goods from



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Malaysia. The conclusion was that the state of the Australian industry was not as good as it would have been in the absence of dumping.

16. Commission representatives noted that the undercutting analysis was focused at the distribution level of trade in the Australian market which is that point of sale where an Australian importer or an Australian producer is selling the goods into the Australian market. This is where the Commission had identified that most of the competition was occurring.
17. It was noted that the prices of Capral's and G.James' domestic sales and the Australian market selling prices of the dumped goods imported from Malaysia were similar. The Commission considered this observation supported Capral's price injury claims that the Australian industry was in competition with dumped goods from Malaysia and had lowered its prices in response to price of those goods.
18. Criterion's application notes that in assessing price undercutting the Commission relied, inter-alia, on data sourced from cooperating importers and exporters for review number 544. Criterion notes that, as that review was limited to the "variable factors", it did not extend to injury. The Commission representatives noted that the information obtained, relative to review 544, was obtained to build up a picture of various Australian market features, such as price, volume and various supply chain connections, because review 544 examined the same period as investigation 540 and 541. Review 544 had sought a lot of the information from importers and exporters that was identical to the information sought in the course of investigation 541, such as sales and selling prices of the various model control codes.

Paul O'Connor

Member

Anti-Dumping Review Panel

12 August 2021