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31 August 2012

Mr John Bracic
Director, Operations 1
International Trade Remedies Branch
Australan Customs and Border Protection Service
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

Dear Mr Bracic

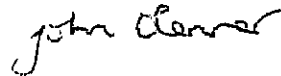
Public File

Investigation into the continuation of anti-dumping measures on PVC Resin exported from Japan (Investigation No. 184) – Submission in response to Statement of Essential Facts No. 184

Please find attached a submission on behalf of Australian Vinyls Corporation Pty Ltd in respect of Statement of Essential Facts No. 184.

If you have any questions concerning the attached, please do not hesitate to contact me.

Yours sincerely



John O'Connor
Director

Cc: Mr Peter Flinn
Manager – Sales & Marketing
Australian Vinyls Corporation Limited

Executive Summary

On 7 February 2012, Australian Vinyls Corporation Pty Ltd ("AVC") lodged an application with Customs and Border Protection requesting the continuation of anti-dumping measures on polyvinyl chloride homopolymer resin ("PVC") exported from Japan for a further five years.

The anti-dumping measures are due to expire on 21 October 2012.

On 24 February 2012, Customs and Border Protection commenced an inquiry into the extension of the measures on PVC exported from Japan for a further five years from 21 October 2012.

Following investigations, Customs and Border Protection has established the following (refer Statement of Essential Facts No. 184):

- AVC is susceptible to further injury;
- Japan is a large producer and exporter of PVC;
- Japanese exports accounted for approximately 30 per cent of total PVC production in 2011;
- Distribution channels for Japanese PVC exported to Australia remain in place;
- India and China have anti-dumping measures in place against PVC exported from Japan;
- Exports from Japan in 2011 to other markets were likely to have been at dumped prices in 2011; and
- The export prices from Japan in 2011 were at prices below Customs and Border Protection's calculated non-injurious price (based upon AVC's cost to make and sell in 2011).

Customs and Border Protection concluded that the Australian industry would suffer material injury, or a recurrence of material injury, in the absence of anti-dumping measures.

AVC concurs with Customs and Border Protection's findings and supports a recommendation that the anti-dumping measures on PVC exported from Japan be extended for a further five-year period beyond 21 October 2012.

Likelihood of an increase in exports from Japan

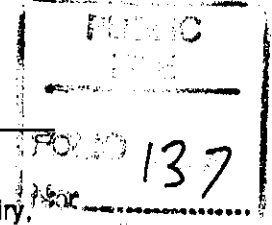
AVC included information in its application for the continuation of measures demonstrating that Japan was the second largest PVC producer (behind the USA). In 2011, Japan had a production utilisation rate of 71 per cent, a decline from the 83 per cent level in 2010. Further, AVC highlighted that Japan was experiencing reduced demand and that Japanese PVC producers were actively seeking export opportunities.

AVC also outlined that Japan was the largest supplier in the Asian region, with 300,000 to 400,000 tonnes exported per year. Despite Japan's reduced production in 2011 following the tsunami, it was expected that Japanese export volumes would resume to pre-tsunami levels during 2012.

Customs and Border Protection identified imports from Japan during 2011 confirming that Japanese exporters had maintained distribution links in Australia.

Will exports be at dumped prices?

In its application, AVC demonstrated that Japanese PVC exports into New Zealand during 2011 were at margins of dumping of between 32 and 91 per cent. AVC obtained New Zealand import data to evidence import prices and compared these with published Japanese domestic prices from an industry monthly newsletter.



Customs and Border Protection notified Japanese PVC exporters of the continuation inquiry, however, no party completed an exporter response. Customs and Border Protection relied upon available information to assess the likelihood of dumping from Japan.

In assessing whether dumping was likely to resume, Customs and Border Protection relied upon the information supplied by AVC including:

- monthly Japanese domestic and export prices; and
- New Zealand import trade statistics.

Customs and Border Protection was satisfied that in the absence of anti-dumping measures the dumping of PVC would continue or likely recur.

Will material injury continue or recur?

Customs and Border Protection has conducted an investigation into exports of PVC from Korea¹ in parallel with the continuation inquiry on PVC exports from Japan. In Statement of Essential Facts No. 187, Customs and Border Protection has concluded that during 2011, AVC experienced injury in the following forms:

- lost sales volume;
- lost market share;
- price suppression;
- reduced profit and profitability;
- reduced revenues;
- reduced return on investment and reduced capital investment;
- increased inventories;
- reduced production; and
- reduced capacity utilisation.

Customs and Border Protection concluded that AVC had suffered material injury during 2011. AVC contends that if the anti-dumping measures on PVC exported from Japan were allowed to expire, dumping from Japan would recur and AVC would experience a continuation of, or a recurrence of, the material injury that it has experienced in 2011. AVC therefore is susceptible to ongoing material injury.

Importantly, Customs and Border Protection observed that Japanese export prices to New Zealand were comparable with Japanese export prices to other destinations. This trend suggests that in the absence of anti-dumping measures in Australia, it is likely that Japanese exporters would export to Australia at dumped prices.

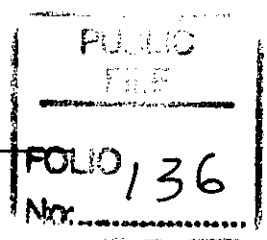
Conclusions

AVC agrees with Customs and Border Protection's preliminary findings and conclusions that:

- in the absence of anti-dumping measures exports from Japan would continue or resume; and
- in the absence of anti-dumping measures the dumping of PVC from Japan would continue or recur and would cause material injury to the Australian industry to continue or recur.

AVC similarly concurs that the expiration of the anti-dumping measures on PVC exported from Japan would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and the material injury that the anti-dumping or countervailing measures were intended to prevent.

¹ Refer Statement of Essential Facts No. 187, published on 13 August 2012.



In light of AVC's subdued performance in 2011 due to the injurious effects of dumping experienced from Korean PVC exports, AVC is susceptible to ongoing material injury from dumping.

AVC supports the proposed recommendation of Customs and Border Protection to request the Minister to take steps to ensure that anti-dumping measures on PVC exported from Japan do not expire on 12 October 2012.