

Ms Joanne Reid
Director Operations 2
International Trade Remedies Branch
Australian Customs and Border Protection Service
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

2 August 2011

Dear Ms Reid

Clear Float Glass exported from Indonesia, Thailand and the People's Republic of China

Resumption of investigation - ACDN 2011/10 refers

JELD-WEN Australia Pty Ltd makes the following submission in response to Blackburn, Croft & Co Ltd's submission dated 26 July 2011 in relation to the above re-investigation.

Energy Efficient Glass

- Blackburn, Croft & Co Ltd maintains that production volumes 'do not support JELD-WEN's observation' concerning the changing composition of Viridian Upstream's production towards Energy Efficient Glass.
- We note that, in the Clayton Site Visit Presentation to Analysts of 30 June 2011, Viridian revealed a strong trend growth in the share of Energy Efficient Sales to Total Sales over the period March 2008 to April 2011. The shift was part of Viridian's business strategy to respond to more stringent energy efficiency mandates and changes in consumer preferences towards Energy Efficient Glass. Comparing YEM 2010 with YEM 2007 will reveal an even stronger trend in this regard.
- Blackburn, Croft & Co Ltd cites observations attributed by Customs to G James that the uptake of Energy Efficient Glass was less relative to overseas markets. The observation is not germane. The only true basis for comparison should be the time profile of the take-up of Energy Efficient Glass in Australia, and that reveals a strong upward trend. That the rate of adoption of Energy Efficient Glass in Australia may have been less than experienced in other countries or in relation to the expectations of the local manufacturer and domestic glass processors is not relevant to Customs' assessment in the current enquiry.

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Imports

- Blackburn, Croft & Co Ltd contends that the 'volume market share of dumped imports increased' in YEM 2010, although no evidence is supplied to substantiate this.
- ABS statistics show that the volume of Imports of CFG increased by around 7% in YEM 2010 relative to YEM2009.
- At the same time, the sale by Viridian Upstream of CFG to Independent Glass Processors increased substantially.
- Blackburn, Croft & Co Ltd has never explained how External Sales of CFG by Viridian Upstream could increase if Imports were being dumped. The only valid explanation for the simultaneous increase in Import volumes and External Sales was the loss of market share of Viridian Downstream to Independent Glass Processors occasioned by service failures in Viridian Downstream, as acknowledged by the CSR Ltd Board at the time.
- In fact, Blackburn, Croft & Co Ltd discouraged Customs from investigating the link between the precipitous reduction in demand for processed glass supplied by Viridian Downstream to window fabricators and glass merchants and the surge in demand for CFG by Independents. The loss of Viridian Downstream's customer base to Independents was caused by systemic service failures and was the main reason for the reduction in internal transfers of CFG from Viridian Upstream to its processing division and not dumping.

The shift by window fabricators and glass merchants from Viridian Downstream to Independent Glass Processors had the effect of increasing both the volume of External Sales of CFG by Viridian Upstream and automatically Import volumes of CFG. This is because, as found by Customs, the Independents spread their purchases between Viridian Upstream and Imports. There is no evidence that Independent Glass Processors increased their propensity to import CFG. Indeed, Independent Glass Processors stayed loyal to Viridian Upstream. The increase in Imports of CFG cannot be explained by any alleged dumping.

If dumping was a factor in reducing the volume of internal transfers of CFG from Viridian Upstream to Viridian Downstream, the only level at which this effect could impact would be at the point of competition between Viridian Downstream and Independent Glass Processors since the supply of CFG (and other glass) by Viridian Upstream is derived ENTIRELY from demand by Viridian Downstream and Independent Glass Processors.

Viridian Upstream does not stock-pile glass (save for the one-off period prior to the refurbishment of the Dandenong plant). The setting of production runs of CFG as well as Tint and Coated Float is based on weekly estimates of orders provided to Viridian Upstream not only by Viridian Downstream but by Independent Glass Processors on a state and

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regional basis. Consequently, there is a very close matching of supply by Viridian Upstream with demand for glass from Viridian Downstream and Independent Glass Processors.

It is worth re-iterating that Viridian dismissed the possibility of dumped imports causing a leakage of demand from Viridian Downstream to Independent Glass Processors, which is understandable since External Sales of CFG by Viridian Upstream to Independents increased during the investigation period.

Customer Service

In relation to service issues in Viridian Downstream, Blackburn, Croft & Co Ltd maintains that the issue 'was closely examined in the original investigation' and makes reference to a copy of the 'Customer Survey' provided to Customs.

JELD-WEN has not had the opportunity to review the 'Customer Survey' provided by Viridian, so cannot comment on the scope and coverage of the survey, the reliability and representativeness of its findings. However, the information on Delivery in Full and On Time (DIFOT) contained in Viridian's Site Visit Presentation of 30 June 2011 revealed that during the dumping investigation period, across Viridian Downstream one-in-four orders was incomplete, late and/or with defects. At the Clayton site, CSR Limited reported a DIFOT of 58 per cent.

Such a high incidence of service failures is incompatible with satisfactory levels of customer service and is inconsistent with contemporaneous public announcements made by CSR Ltd.

Exchange Rate

Although CSR Ltd clearly and consistently states that the high Australian dollar has had a significant and deleterious effect on the Viridian business, Blackburn, Croft & Co Ltd seeks to downplay this impact. According to the Reserve Bank of Australia data series on exchange rates, the US dollar dropped by 30 per cent against the Australian dollar over the course of the dumping investigation period.

In the G James site visit report, Customs observed:

G James noted that imports have become cheaper as a result of the increasing value of the dollar, which has made imported goods more competitive (Page 12).

G James claimed that although import prices are negotiated in Australian dollars, the increase in the value of the Australian dollar is a factor that is considered when import prices are negotiated (Page 13)

G James stated it is a reality of business that Viridian's price to G James for CFG is linked to the price of imported clear float glass so that G James can remain competitive in the processed glass market (page 13).

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Please contact the undersigned on 0417 261 560 if you would like to clarify any aspect of this submission.

Yours sincerely



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