

Non-Confidential – For Public Record

14 May 2014

Director Operations 1 Anti-Dumping Commission 5 Constitution Avenue CANBERRA, ACT 2601

Received 14 May 2014

Dear Sir/Madam

EXEMPTION INQUIRY (EX 20) - CERTAIN ALUMINIUM EXTRUSIONS

1. BACKGROUND

This submission is in response to Capral's submission of 17 April 2014, relating to the application for certain aluminium extrusions to be exempt from dumping and countervailing duties.

In its submission, Capral makes the following claims and statements:

- a) the Tariff Concession Order (TCO) applications were made without input from Capral;
- b) in respect of TCO No. 1331293 applying to aluminium extruded profiles conforming to Australian Aluminium Specification 7005 T593, Capral submits that it is able to produce a substitutable product conforming to Australian Aluminium Specification 6082 T6, and
- c) in respect of TCO No. 1335698 applying to aluminium extrusion profiles with alloy ENAW-5005A, Capral submits that it is able to produce substitutable products from the range of alloys is typically uses. Capral acknowledges that the choice of alloy would depend on the final application.

We make the following comments in response to the views outlined in Capral's submissions.

2. TCO'S ARE IN FORCE

As stated in our application and confirmed by Capral, the relevant TCO's came into effect on 9th December 2013 (TC 1331293) and 13th January 2014 (TC 1335698). It is accepted by all interested parties then that Tariff Concession Orders under Part XVA of the *Customs Act 1901* in respect of the goods subject of the application are in force.

As a result, grounds exist for the Minister to be satisfied, in accordance with Section 8(7)(b) and Section 10(8)(aa) of the *Customs Tariff (Anti-Dumping) Act 1975,* that the goods subject of this inquiry be exempt from interim dumping duty and interim countervailing duty.



We note that no part of Capral's submission addressed any aspect of the relevant provisions dealing with exemptions. We again take this as an acceptance by Capral that grounds presently exist for the Commissioner of the Anti-Dumping Commission to recommend to the Minister that imports subject to the TCO's be exempt.

Therefore, in the absence of any other relevant information from interested parties, we request the Anti-Dumping Commission to finalise its inquiries promptly and provide a report to the Minister recommending that the goods subject to the TCO's be exempt.

3. CAPRAL CONSULTED ABOUT APPLICATION

Capral, in their submission dated 17 April 2014 claimed the TCO's were made "without input from Capral". As part of the TCO application process, Capral (and all other local extrusion manufacturers) were contacted by Registered Post, emails and phone calls with detail concerning the TCO application and a request for information.

- a) A copy of the signed letter is attached (attachment A) dated 14 August 2013. Registered Post tracking and confirmation numbers for letters sent to all Australian extrusion manufacturers as follows; 531090194015, 531090191014, 531090197016, 531090193018, 531090192011, 531090196019, 531090185013, 531090195012.
- b) Attached (B) is a copy of emails to Capral and their response, which also contradicts the claim in their submission 17 April 2014, that they were not given any opportunity to provide input in to the TCO application process.

4. 7005 T593 vs 6082 T6

Firstly we note that Capral did not include in its submission, a detailed comparison of the mechanical properties of the AAS 6082 T6 products that it produces and considers to be substitutable to AAS 7005 T593. The mechanical properties are clearly important in determining the substitutability between the products given the very specific characteristics used to describe the goods subject to the following TCO:

(TC 1331293) - 7604.29.00 ALUMINIUM PROFILES, extruded, conforming to Australian Aluminium Specification 7005 T593 (AAS 7005 T593), having ALL of the following:

(a) minimum cross sectional dimension NOT less than 6 mm and NOT greater than 450 mm;

(b) minimum ultimate tensile strength NOT less than 350 MPa;

(c) minimum yield tensile strength NOT less than 300 MPa.

As per Capral's Extruded Products Reference Manual (attachment C), Capral has detailed the following guaranteed mechanical properties (AAC Specification) and typical properties. Neither this data nor a comparison was provided in their submission;



MECHANICAL PROPERTIES GUARANTEED (AAC Specification)

Alloy/Temper	Form of Produced	Thickness mm	U.T.S. (MPa)	0.2% Proof Stress	Elongation % 50mm
7005 T593	Extruded	4.5 - 20	350	300	10
6082 T6	Extruded	Up to 20	295	255	7

TYPICAL PROPERTIES *

Alloy/Temper	Form of Produced	Thickness mm	U.T.S. (MPa)	0.2% Proof Stress	Elongation % 50mm
7005 T593	Extruded		380	330	15
6082 T6	Extruded		310	275	12

• Capral Extruded Products Reference Manual – "These typical properties are averages for various forms, sizes, and methods of manufacture and may not describe any one particular product. Typical tensile strength and elongation properties should not be used for design purposes."

This is further supported by information contained in Capral's Aluminium Extrusion Catalogue currently available on its website. The extract below from page 161 of the catalogue provides an overview of the different alloy characteristics and their uses.

	Structural Alloys	
	High strength, corrosion resistant, higher welded properties to architecturai range.	All road and rail transport and structural applications. Will take considerable
6005A	Most suitable structural alloy. Achieves strength with less heat treatment distortion.	forming in T4 condition.
6061 6082 6351	Other commonly used structural alloys with slightly varying initial strengths. All four 6000 series have the same welded strength.	
7005	Higher intial and welded strength to 6000 structural alloys.	Large and complex extrusion; e.g., load bearing members for road and rail vehicles
2014	High strength.	Aircraft alloy - heavy duty structures.

It lists the relevant structural alloys and clearly makes the following distinction between the 6082 alloy and 7005 alloy:



- i) 7005 has a higher initial and welded strength to 6000 structural alloys, and
- ii) 7005 is preferred in large and complex extrusions such as load bearing members for road and rail vehicles.

Therefore we consider that the critical factor in determining whether Capral's AAS 6082 T6 extruded products can be substituted for AAS 7005 T593 extruded products, is the end use application and the required mechanical properties of that application.

Where an engineer has specified alloy 7005 T593 whether it be for such applications as; structural beams, loading ramps or other, the same product extruded in alloy 6082 T6 is not substitutable as the strength would be 16% lower as detailed in the tables above. As per Section 269B, "Interpretation; **substitutable goods**, in respect of goods the subject of a TCO application or of a TCO, means goods produced in Australia that are put or capable of being put, to a use that corresponds with a use (including a design use) to which the goods the subject of the application of the application or of the TCO can be put".

5. ENAW-5005A vs ENAW-6060/6005A/6082

We note in Capral's submission that they have made no reference to the characteristics of extruded products produced in alloy 5005A nor have they made any reference in their submission with regards to the basis on which the TOC application was made (i.e. chemistry). We note that Capral in its submission has made a comparison of alloy 5005A mechanical properties with alloys extruded by Capral.

Firstly, the data Capral has presented in its submission concerning alloy 5005A is for sheet products produced by a different method of manufacture (the rolling process vs. extrusion process which is what the TCO is concerned with).

Secondly, by not addressing the chemistry variations between 5005A and alloys they produce, Capral have failed to address the following key characteristics which were part of the TCO application;

- (a) 5005A is a 'non-heat treatable alloy' whereas all other alloys Capral produces and has listed in its submission are 'heat treatable alloys'. This characteristic has significant implications for products where weld strength is a key requirement of the application. In previous submissions, information has been provided with regards to comparing welding metallurgy and the HAZ area (Heat Affected Zone) of the different alloys. This has not been addressed in Capral's submission.
- (b) Due to the chemistry variation between 5005A and the alloys Capral has identified that it produces, Capral has also failed to address the difference in corrosion resistance between 5005A and 6000 series alloys. This was another key element of the TCO application and for why products produced with alloy 5005A are not substitutable with alloys Capral produces, where such applications require these characteristics (e.g. offshore marine structures, corrosive environments).



6. REVOCATION OF TCO

Finally we note Capral's statement that it intends applying to have the TCO's revoked on the basis that it considers its goods can be substituted for imports covered by the TCO's. P&O Aluminum accepts that as a local manufacturer, Capral is entitled to request to have the TCO's revoked where it can demonstrate that its goods can be substituted for imports.

However, P&O Aluminium is concerned by any suggestion by Capral that the completion of this exemption inquiry by the Anti-Dumping Commission should be postponed until after Customs and Border Protection has completed its TCO revocation inquiries. It is our understanding that in considering whether to revoke a TCO, Customs and Border Protection will make its decision within 60 days of the receipt of a revocation request. Therefore, any decision by Customs and Border Protection in respect of a revocation request by Capral will be a minimum of 60 days plus the amount of time it takes Capral to prepare and submit its request, if they do at all.

Given that all interested parties accept that the relevant TCO's are in force and grounds therefore exist for the Commissioner to recommend that the subject goods be exempt from interim dumping and countervailing duties, we strongly disagree with any delay by the Commissioner in making his recommendations to the Minister on this matter.

However, P&O Aluminium's concerns in this respect would be alleviated if in the event that Customs and Border Protection dismissed Capral's request for revocation and the Commissioner was inclined to recommend that the subject imports be exempt, that the instrument date reflected the effective date of the TCO's. In effect recommending that the Minister retrospectively exempt the subject goods from dumping and countervailing duties from the date that the TCO's came into force.

Yours sincerely,

llice.

Kevin Lehmann General Manager P&O Aluminium (Sydney) Pty Ltd



14 August 2013

Capral Aluminium PO Box 768 BOOVAL FAIR QLD 4304

Dear Sir / Madam

Our business is seeking a Tariff Concession Order (TCO) for goods with the following description;

- 1. Aluminium extrusion profiles produced to AA Specification 7005 T593 having ALL of the following:
- (a) minimum cross sectional dimension of not less than 6mm and not greater than 450mm
- (b) minimum Ultimate Tensile Strength of 350 MPa and Minimum Yield Tensile Strength of 300 MPa
- 2. Aluminium extrusion profiles produced with alloy ENAW-5005A (ENAW-AIMg1C) having ALL of the following:
- (a) minimum cross sectional dimension of not less than 6mm and not greater than 450mm
- (b) having an alloy chemical composition by percentage weight of; FE =- 0.45 max., Si 0.3 max., Mn 0.15 max., Cr 0.1 max., Cu 0.05 max., Mg 0.7 to 1.1 max., Zn 0.2 max., other impurities 0.15 max., AI remainder

In accordance with s.269FA of the *Customs Act 1901*, we are required to make inquiries as to whether there exists a potential local manufacturer of goods that meet the above description.

To decide whether or not to proceed with the TCO application, we would appreciate your advice as to whether you believe you are a producer of goods which are substitutable for the goods described above and whether you, or any producer known to you, makes these goods in Australia in the ordinary course of business.

If you object to this TCO, in accordance with the Customs Act, you will be required to provide evidence that;

- (a) you are prepared to accept an order to produce the goods or substitutable goods as detailed above.
- (b) you have produced these goods in the last 2 years; or
- (c) the goods have been produced in Australia and are held in stock
- (d) you have produced these goods in Australia on an intermittent basis in the last 5 years.



Could you please forward your response to <u>kevin.lehmann@pandoalum.com.au</u> by 10 working days after the date of this letter. Any information you provide will be forwarded to the Chief Executive Officer of Customs and Border Protection to assist in the decision-making process.

A TCO may be granted if, on the day of lodgement of an application, no substitutable goods are produced in Australia in the ordinary course of business. All parties should ensure they are aware of the definitions of substitutable goods, produced in Australia, and ordinary course of business.

Please visit the Australian Customs and Border Protection's website at www.customs.gov.au for details of the TCO process and legislation.

Yours Faithfully

Kevin Lehmann General Manager P&O Aluminium

Kevin Lehmann

From:	@capral.com.au>
Sent:	Friday, 15 November 2013 4:45 PM
To:	Kevin Lehmann
Subject:	Re: Possible Local Manufacturer -TC1335693 - Profiles [SEC=UNCLASSIFIED]

Hi Kevin. Sorry away this week. Will try and call on Monday.

Regards,

------ Original message ------From: Kevin Lehmann <<u>kevin.lehmann@pandoalum.com.au</u>> Date: 13/11/2013 10:29 AM (GMT+10:00) To: @capral.com.au> Subject: FW: Possible Local Manufacturer -TC1335693 - Profiles [SEC=UNCLASSIFIED]

Hi

Hope you are well. Left a message on your mobile, but perhaps you have been a little busy.

As per message below, Customs have advised me that you are able to supply extrusions in 5000 series alloy (or something substitutable).

Whilst not a big issue or volume, can you give me a call to discuss.

Thanks, Kevin



 Tel:
 (612) 9724 1568

 Fax:
 (612) 9724 5722

 Mobile:
 (61) 448 232 853

 Email:
 kevin.lehmann@pandoalum.com.au

 Web:
 www.pandoalum.com.au

2 / 1-15 Bennett Street Chester Hill, NSW 2162 Sydney, Australia

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From:	@customs.gov.au]
Sent: Monday, 11 November 2013 9:42 AM	
To: kevin.lehmann@pandoalum.com.au	
Subject: Possible Local Manufacturer -TC133	5693 - Profiles [SEC=UNCLASSIFIED]

Good morning Kevin,

As discussed in our recent telephone conversation I believe there may be a local manufacturer of goods that are substitutable for the goods your client wishes to import.

Could you please contact Capral and confirm with them whether their goods are substitutable for the goods you are importing.

The local manufacturer is Capral and the contact details are below.



Regards



This email message and any attached files may be protected information under section 16 of the Customs Administration Act 1985 (CA Act) and may also contain information that is confidential, and/or subject to legal professional privilege.

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CAPRAL EXTRUSION SHAPING THE FUTURE

ALLOY 6082



SECTION		3-1
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DESCRIPTION

This alloy is of the magnesium silicide group with a large addition of manganese to control grain structure and notch sensitivity, it is heat treatable. It is regarded as a medium strength alloy and has the highest level of mechanical properties of the 6000 series structural alloys.

The alloy has a medium extrudability that allows better control of mill surface finish. It is difficult to produce thin walls complicated shapes in this alloy.

APPLICATION

The alloy can be used in those applications where mechanical properties are important provided the shape meets the complexity requirements.

Typical applications are road, rail and water transport, bull bars, bridges, geometric solids for machining, scaffolding.

CHEMICAL COMPOSITION - (AAC Specification)

Weight %	Si	Fe	Cu	Mn	Mg	Cr	Zn	π	Ot Each	hers Total
Min.	0.70	14	1.00	0.40	0.6	12	141	2	-	2
Max.	1.3	0.50	0.10	1.0	1.2	0.25	0.20	0.10	0.05	0.15

NOTE: The chemical composition used by Capral is within the AAC limits, however, it is tightened to reduce variation in extrudability and properties.

MECHANICAL PROPERTES GUARANTEED (AAC Specification)

Temper	Form of Produced	Thickness mm	U.T.S. (MPa)	0.2% Proof Stress	Elongation % 50mm
F	E		No Specifie	d Properties	
Τ4	E	Up to 150 150-200	190 170	120 100	14 12
T5	Е	Up to 6	270	230	8
Т6	E	Up to 20 20-150 150-200	295 310 280	255 270 240	7 6 5

NOTE:

1. E = Extruded Only

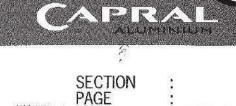
DT = Drawn Tube

DR = Drawn Rod and Bar

For Temper Definitions see section 2-3.

CAPRAL EXTRUSION SHAPING THE FUTURE

ALLOY 6082 (Cont.)



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AB B	,C B,B	A	A,C	A	А

NOTE:

1. Relative rating in decreasing order of merit A to D.

2. NR - Not recommended.

3. Where applicable, ratings for both annealed and hardest temper are given e.g. A,C.

Anodising ratings for decorative quality anodising. All alloys can be anodised for corrosion protection and increased wear 4. resistance. -

APPLIED FINISHES

Capral can anodise product in this alloy, however, the appearance will not match product in alloys 6106 or 6060.

TYPICAL PROPERTIES¹

Temper	U.T.S. (MPa)	Proof (MPa)	(50mm)	Hardn	ess ⁽²⁾ Brinell ⁽⁵⁾	Shear Stress (MPa)	Fatigue Endurance Limit (MPa) ⁽³⁾	Modulus Of Elasticity (MPa () 10 ³)
T4	-2	-	-	-	-			()
T5		-	-			-	-	-
T6	310	275	12	1.7	7	-	-	(-)

These typical properties are averages for various forms, sizes and methods of manufacture and may not exactly describe any one particular product. Typical tensile strength and elongation properties should not be used for 1. design purposes.

2. Hardness is commonly reported in either of the two units quoted. A complete listing in both units is not given because of difficulties of exact correlation between the two systems.

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Based on 500,000,000 cycles of completely reversed stress using the R.R. Moore type of machine and specimen. 3.

Average of tension and compression moduli. Compression modulus is about 2% greater than tension modulus. 4.

Brinell number 500kgf load 10mm diameter ball. 5.

"Disclaimer"

NOTE: The listing of an extruded shape in this or any Capral manual does not necessarily mean that a die exists at the time of inquiry or that the section is available ex stock. From time to time slight dimensional changes may be made to sections shown in this manual.

Whilst every attempt has been made to ensure the correctness and accuracy of the information shown as of the publication date, Capral Aluminium Limited accepts no responsibility for any errors or manissions that may appear in this document. Such information is subject to change without notice and should not be construct as a commitment by Capral Aluminium Limited or other businesses of Capral Aluminium Limited.

Readersiare encouraged to contact their local Capral Aluminium Limited sales office for exact specifications and pricing information and to confirm dimensions.

SHAPING THE FUTURE

ALLOY 7005

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SECTION : 3-1 PAGE : 25 DATE : OCT. 1998

DESCRIPTION

This alloy contains a large amount of zinc together with smaller addition of magnesium and manganese. It is a heat treatable alloy and developes a high level of mechanical properties. It is a difficult alloy to extrude resulting in poor mill surface finish, however, due to its low quench sensitivity it is very easy to achieve mechanical properties. The fusion weld strength is much better than the 6000 series structural alloy.

The alloy, however, suffers from stress corrosion which can cause structural failure. The alloy must not be subjected to bending or post weld ageing as these can increase stress corrosion sensitivity. The alloy should not be used in marine applications.

APPLICATION

The applications must be selected carefully taking into account the stress corrosion sensitivity of the alloy. Refer to the Extrusion Technical Manager before accepting any shape in this alloy.

CHEMICAL COMPOSITION

%	Si	Fe	a state of the state of the state of the	Mn	Mg	Cr	Zn	a company to a second a second at all		Ot Each		A
Min	-	-	· •	0.20	1.0	0.06	4.0	0.01	0.08	-	178	Rem.
Max	0.35	0.40	0.10	0.70	1.8	0.20	5.0	0.06	0.20	0.05	0.15	nem.

NOTE: The chemical composition used by is within the AAC limits, however, it is tightened to reduce variation in extrudability and properties.

MECHANICAL PROPERTES GUARANTEED (AAC Specification)

Temper	Form of Produced	Thickness mm	U.T.S. (MPa)	0.2% Proof Stress	Elongation % 50mm
T593	E	4.5 - 20	350	300	10

NOTE:

1.

E = Extruded Only

DT = Drawn Tube

DR = Drawn Rod and Bar

2. For Temper Definitions see section 2-3.

SHAPING THE FUTURE

ALLOY 7005 (Cont.)

SECTION : 3-1 PAGE : 26 DATE : 0CT. 1998

TYPICAL ALLOY CHARACTERISTICS¹

Corrosion Resistance	Machining Ability	Anodising ⁴	Brazing	Cold Forming	Gas Weld	Inert Gas Weld
C,D ³	B,B	NR	NR	NR	NR	A

NOTE:

1. Relative rating in decreasing order of merit A to D.

2. NR - Not recommended.

3. Where applicable, ratings for both annealed and hardest temper are given e.g. A,C.

4. Anodising ratings for decorative quality anodising. All alloys can be anodised for corrosion protection and increased wear resistance. Note the restriction under Applied Finishes.

APPLIED FINISHES

Products in this alloy must not be anodised in architecural anodising plants due to zinc contamination of the caustic etch bath and the resultant "spangle" on architectural grade alloys.

TYPICAL PROPERTIES¹

Temper	U.T.S. (MPa)	Proof (MPa)	% Elongation (50mm)	Hardn Vickers	ess ⁽²⁾ Brinell ⁽⁵⁾	Shear Stress (MPa)	Fatigue Endurance Limit (MPa) ¹³⁾	Modulus Of Elasticity (MPa x 10 ³)
T593	380	330	15	-	-		-	-

1. These typical properties are averages for various forms, sizes and methods of manufacture and may not exactly describe any one particular product. Typical tensile strength and elongation properties should not be used for design purposes.

 Hardness is commonly reported in either of the two units quoted. A complete listing in both units is not given because of difficulties of exact correlation between the two systems.

- 3. Based on 500,000,000 cycles of completely reversed stress using the R.R. Moore type of machine and specimen.
- 4. Average of tension and compression moduli. Compression modulus is about 2% greater than tension modulus.
- 5. Brinell number 500kgf load 10mm diameter ball.

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NOTE: The listing of an extruded shape in this or any **water** manual does not necessarily mean that a die exists at the time of inquiry or that the section is available existock. From time to time slight dimensional changes may be made to sections shown in this manual.

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