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Director, Operations 3

Anti-Dumping Commission

GPO 1632

Melbourne Victoria 3001

Dear Sir/Madam,

In relation to your said review we are putting forward the following submission into why the Anti-Dumping Tariff is both unfair and damaging to our business. Furthermore the measure has created an anti-competitive monopoly which is against the ethos of this countries business practices. We ask you to consider our points carefully.

We are an Australian owned company supplying Australian designed and patented formwork and accessories to the worldwide Precast Concrete Industry. One component of our supply is aluminium formwork of a specific profile which constitutes the precast mold (sideforms/shutters).

This is a very narrow and very specific and specialised market where the extruded sideform sections are ONLY applicable and functional to this specific industry and have absolutely no commercial use or application or function whatsoever in any other industry

We have been manufacturing our proprietary custom designed aluminium profile extrusions initially in China (now in Malaysia, Thailand and Indonesia due to Anti-Dumping tariffs) as it has NOT been and is currently still NOT commercially viable to get them manufactured in Australia as the manufacture / extrusion of such large proprietary profile aluminium extrusions in Australia is far too costly and commercially unviable NOT only when compared to production in China but also in Malaysia, Thailand, Indonesia, Philippines, Middle East & Turkey etc.

Whether this is through the high monopolisation of this market, extruding large profiles of over 300 mm height in high grade hard 6061-T6 alloy or actual high infrastructural running costs including power etc. we are ensure however whatever the reasoning it is simply is not commercially viable to have extrusions made in Australia and compete internationally against international suppliers of similar products that produce their extrusions in far cheaper countries like China.

Accordingly the comparative costs of producing very large profile extruded hard grade proprietary sections in Australia made it simply NOT feasible or commercially viable especially if we are to compete in formwork production and sales overseas against overseas corporations from Europe and Asia, whom all produce their aluminium formwork extrusions predominantly in China and some in the other listed countries where their production is not marginally but substantially cheaper than Australia.

If we manufactured the extrusions in Australia it would be impossible to sell any of the aluminium sideform product overseas as we would be FAR too expensive. All our opposition precast formwork manufacturers from Europe, USA and South East Asia make their extrusions predominantly in China and some in Malaysia, Philippines, Thailand, Indonesia & Middle East all of whom far cheaper in production of such specialised large extruded profiles than those produced in Australia.

So “Forcing” us to manufacture in Australia, due to the imposition of anti-dumping measures, will kill off ANY chance of getting any overseas sales and exports as we simply could not compete on cost. Levying huge anti-dumping tariffs simply makes us commercially unviable in competing against other international manufacturers and suppliers of Precast formwork sideforms.

Whilst it is true that we sell precast formwork sideforms into Australia as well, more than two thirds of our sales are overseas so these anti-dumping tariffs are literally destroying any chance we have of making sales either locally or overseas.

What we find absurd is that these measures are not actually preventing Aluminium Extruded in China getting into Australia in any event from our opposition precast formwork manufacturers from Europe and South East Asia. For instance a very large precast formwork producing company from Finland extrudes its proprietary aluminium precast formwork sideform sections in China – they then have those sections delivered to them into their warehousing and stores facilities in Finland and other countries in Europe where they have branches.

They are a very large organisation, whom we compete against world-wide on sale of precast formwork systems including into Australia, and since they buy and have produced for them very large volumes of aluminium extruded sideforms their shipping costs from China to Europe are totally negligible when applied to 40 foot container loads. Then they sell their formwork into Australia from Finland as it then is classified as formwork from Finland (or other country in Europe from where they made the sale) not incurring any “anti-dumping” traffic on their formwork whereas any aluminium we were to have extruded in China, for instance, and shipped to Australia would be subject to the huge “anti-dumping’ tariffs. It is the same for all the other formwork suppliers from Italy, Germany, France, Belgium, Singapore, New Zealand etc. whom we compete against.

So all the Tariffs do in fact is disadvantage our Australian companies like us in regards to competing against other producers world-wide as they wash all the aluminium extrusion formwork profiles

produced in China through their own countries and sell into Australia without having the anti-dumping tariffs applied to their aluminium extrusions

We have lost formwork sales to Australian precasters to this Finnish company (and now to other sellers from the countries listed) that was able to sell precast formwork into Australia at lower prices that we are able to supply as through the introduction of the huge anti-dumping tariffs we are forced to produce aluminium profiles in jurisdictions like Malaysia, Indonesia and Thailand that are slightly dearer than production in China (however do not then have the huge 48% impost put on them) so in essence our Anti-Dumping Tariffs are favouring international companies selling into Australia over local companies like ours.

This is still NOT in any way helping employment in Australia through giving an artificial monopoly to local aluminium extruders - especially in regards to specialised proprietary extrusion like that for precast formwork sideforms in our precast Industry as it is instead still being produced in China but coming into Australia from third party countries.

Even with the introduction of the 48% tariffs on aluminium from China it is still cheaper produce in China and import into Australia and pay the 48% tariff than to actually have the sections extruded in Australia - which then highlights the disparity in production costs between production in China and Australia.

The introduction of the anti-dumping tariffs only causes producers to go to other countries for extrusion instead of China like Malaysia, Philippines, Indonesia, Middle East etc. whom ALL produce these large aluminium proprietary sideform extrusions substantially (not marginally but SUBSTANTIALLY) cheaper than in Australia hence the Anti-dumping Tariffs DO NOT divert extrusion production of these customised sections to Australia - as stated it is not commercially viable or feasible to have these large proprietary sections produced in Australia through the huge production costs of BOTH tooling and product.

The simple fact is that it is not only China that produces aluminium extrusions substantially cheaper than the local Australian producers hence what is next, is the commission going to then introduce Tariffs on aluminium extrusions from Malaysia, then also Philippines, then also Indonesia, then also Thailand, then also Middle East & Turkey as ALL these countries produce aluminium extrusions and tooling for same SUBSTANTIALLY cheaper than Australian extruders.

In regards to extrusion of large sideform profiles used in the precast industry, the Australian market is quite monopolised on this production and is now using the Anti-dumping tariffs to maintain such a monopoly.

A lot of producers in Australia can CLAIM to be able to produce these large sections, required for Precast Sideforms, in the hard grade alloy and all will more than likely make such claims as it is in all their interests to try and prevent any foreign competition into Australia however for the larger sideform sections we produce we have in fact consulted with the three larger producers here Capral, G. James & Ullrich and one of these producers has pretty much the presses big enough to produce our large precast formwork profile sections so in essence they have a monopoly with the pricing on both tooling and production actually reflecting such monopoly and from all the lobbying of government, as is evidenced in the public arena, by these predominantly three larger producers and in particular the largest - they are now using the Government via the "anti-dumping" tariffs to create and maintain for them this artificial monopoly rather than looking at improving their production costs.

So in essence all the Tariffs have succeeded in is pushing production of aluminium extrusion from China to Malaysia, Singapore, Thailand, Indonesia and NOT into Australia for the costs for production in Australia are so high that it is not, as stated on numerous occasions, commercially feasible or commercially competitive to produce here and compete against other manufacturers world-wide whom produce in China and still sell their product into Australia after washing it through their third party country!

Up until 2008 we use to produce aluminium sideform extrusion section in Australia through our largest aluminium producer here and we had close to 75 to 80% of the Precast Industry using our Aluminium sideform sections as their formwork. However, due to exorbitant pricing on the aluminium extrusions by the local extruders, due to their monopoly position created by these anti-dumping tariffs, the sales of these aluminium extrusions to precast companies in Australia has plummeted.

We have seen this first hand in the actual market over the past 2 years by visiting nearly every precast yard Australia wide. We ask the Anti-dumping commission to source from or have the largest aluminium extruder here disclose their aluminium sales of the Spartan sideform extrusion profiles to Reid Construction Systems and also their sideform extrusions sales to Actech International for the past 5 to 6 years TO DATE so that it can analyse the sales see that these tariffs are a restriction only to local industry and that they are NOT working.

Our local aluminium extruders in fact LOSING aluminium sideform extrusion sales locally as many of the Precasters are now sourcing their sideforms not from local formwork producers like us or Reid Construction Systems but from European and South East Asian producers whom can produce their aluminium in China and then sell into Australia at lower rates.

Due to high local pricing for aluminium the precasters are now also moving AWAY from Aluminium sideforms and using steel sideforms or steel frames supporting plywood facings as sideforms instead of aluminium extrusions - again from European Suppliers like Ratec, BT Innovation and Elematic or copies of their systems from China in lieu of buying formwork from local formwork suppliers. The

Precasters in Australia are now starting to purchase steel sideform frames from Europe (all again produced in China) or Chinese copies of same onto which they affix CHEAP plywood sourced again from China as an alternative as the aluminium extrusion that is sold to this industry is getting far too expensive for them to use.

This is what is actually happening in our specific industry and we have seen this first hand in the market place and as such we again ask the Commission to source the actual sales records for sales of SPARTAN aluminium sideform extrusions to Reid Construction Systems and aluminium sideform section sales to Actech International where they will see themselves that these trade barriers create an artificial MONOPOLY arrangement for the local aluminium industry which in fact restrict actual sales of aluminium sideforms to the precast industry in Australia and are promoting purchase of other systems offshore and are not achieving the desired effect.

These measures are only extensively HURTING companies like ours that are trying to source material as cost effectively as possible so that we can be competitive enough so as to be able to sell locally and overseas. We are ,as a result of these artificial monopoly charges, being hurt as are actual sales of aluminium extrusions to the precast industry.

We do not have the financial resources and lobbying power of the large aluminium producers here and hence can only rely on the Commissions assistance to analyse the facts of what is actually happening in the industry.

“You simply cannot force an industry like the precast industry to buy very expensive aluminium equipment by creating an artificial monopoly through Anti-Dumping Tariffs for they simply will not buy the aluminium sideforms and will revert back to steel shutters and plywood on steel, that they all get from China anyway, rather than buy the expensive aluminium”.

We are NOT like the window or door industry where the window suppliers or manufactures have no other option but have to use aluminium.

We bring these pertinent points to your attention

Ø Since we export as well why are we being forced to pay Anti-Dumping duties on our products – that destroys any chance of us making overseas sales

Ø If sales are being actually lost in our Precast market, as a result of the monopoly and comparatively huge Pricing on aluminium in the local market, then the impost of an Anti- Dumping Duty Tariff on imported extrusions to this industry is NOT really having ANY positive effect on local

producers business as they are in fact losing this market due to anti-competitive and monopolistic behaviour, created by these tariffs.

∅ The Anti-Dumping Duties imposed on sideform extrusions in the precast industry are simply driving the precast market to change to other products for sideforms like imported Chinese plywood on Chinese produced steel frames, so we all then lose out.

As an example we know directly from the market that Reid Construction Systems is selling their Capral produced Spartan Aluminium Sideforms that are 300 mm high at AUD\$ 1,070 per 5.8 m length which is \$ 184.50 per meter whereas for \$ 84.00 per meter they can buy steel shutters to which they affix plywood or even get folded steel Edgeform made for less which the industry is simply reverting to. We have witnessed this first-hand, as the aluminium sideforms are just far too expensive for Precast companies now as the differential between the aluminium and steel frames made in China with Chinese plywood affixed to them is just far too great.

**To us it does not make sense to try and stop one material coming in from China i.e. aluminium extrusion only to be replaced by other material from China i.e. Steel Formwork Frames and Plywood.**

∅ We sell our 300 mm (equivalent) Aluminium sideform overseas into USA, Europe and S.E. Asia for \$ 535.00 per 5.8 length which is \$ 92.24 per meter hence approximately half the price of Reid's for which reason one can see why Capral sales to Reid Construction Systems of the Spartan sideform extrusion is actually reducing after the Anti-Dumping Tariffs were introduced.

At our pricing levels, it can be readily seen that we are competitive in price per meter with the other systems and as such this would entice the market to again use aluminium rather than Chinese made Steel Frames and plywood from China as the pricing of our aluminium sideforms CAN compete with other sideforms and shuttering systems emanating from China and other overseas countries.

**Restricting us from importing our custom design proprietary aluminium sideforms section profiles from China via huge financial imposts is not in any way assisting in Capral increasing its market share of sideforms sold in the precast industry and hence in production of aluminium profiles for this industry via Reid Construction Systems & Actech International sales to that market. To the contrary all they have succeeded in is diverting the precast industry, through their very high pricing of aluminium extruded sideforms, to other suppliers from overseas and alternate systems of Chinese made steel sheet frames and Chinese supplied plywood facing fixed to them all again still emanating from China but via OTHER formwork suppliers from Europe only hurting our sales at the expense of more Chinese imports of plywood for example.**

So there is no REAL benefit to Australian extruders sales in this specific industry. It is also hurting us not only in no local sales but any potential we have to export and make sales to other markets overseas as well.

Ø The Anti-Dumping Commission should not take a carte blanche approach to these Anti-Dumping Tariffs and blanket impose them on all aluminium sections being imported as they have done at the behest and lobbying by the Australian extruders and predominantly by Capral but need to in reality address each specific industry in its own right and make the determination based on the said specific industry.

Accordingly in our Precast industry, the Australian extruders should demonstrate to the commission WHY it is justified having huge imposed tariffs if their sales specifically to our industry i.e. Aluminium Sideforms sales to the precast Industry show that they have in fact dropped over the past few years and not increased (as we believe is the case for this is what we have seen in the actual marketplace) with the introduction of the Anti-Dumping Tariffs now with increased rates (again on the back of lobbying by the aluminium industry) .

There is therefore NO justification for the Anti-Dumping Tariffs to be applicable to companies like ours that have very customised and very single industry application specific profiles that are custom designed for use solely in the Precast industry only and hence sold only to this industry and cannot be used in other applications.

We can understand the initial principle in regards to “anti-dumping” tariffs being applied to say STANDARD extruded section and profiles like square, rectangular, round or angel section profiles etc. as all and any aluminium extruder from China can produce these profiles and dump them on the Australian market.

However even in that situation of STANDARD shape profile extrusions, application of the Anti-Dumping tariffs, whilst having a positive impact for the local aluminium producers by providing them shelter from international competition, can have a very negative impact on Local Australian manufacturing Industry that uses Aluminium extrusions in their production as they are FORCED to buy aluminium extrusion, used in their production, at far higher prices than their opposition manufacturers elsewhere in the world with whom they might be competing would pay who would source their extrusion from China substantially cheaper thus putting our local manufacturers at a disadvantage.

Worse still is application of anti-dumping tariffs to the very specific customised, exclusive, proprietary extrusion profiles like that used in our precast Industry for production of precast wall panels where we do NOT believe it should applied at all.

**In the case of CUSTOM proprietary sections specific to companies like ours for specific industry application with our proprietary magnet precast formwork system that no OTHER Chinese extrusion company can or will make, especially since we have patents in China and can use those patents to stop anyone else in China fabricating, producing or selling these sections as they are solely limited to our company via our IP – so application of Anti-Dumping Tariffs to such exclusive and proprietary extrusion sections in our opinion is not in any way warranted or justified. It only hurts companies like ours unnecessarily.**

The “Anti-Dumping” tariffs and imposts are supposed to prevent, exactly as the word itself says “dumping” however as stated we have our OWN proprietary extrusion sections and profiles that ARE covered by Patents in China so NO dumping of these sections CAN ever occur in Australia for as stated we have Patents in China that would limit production in China ONLY to our company so since there cannot be any dumping of our exclusive profiles on the Australian market we cannot understand why we would be subjected to a “Anti-Dumping” Tariff as such

These anti-dumping tariffs are not assisting the local extruders in maintaining or growing sales to this specific precast industry but rather just solely financially hurting companies like ours at the expense of sales of plywood and steel frames directly from China to the said industry.

Ø As Stated, we can understand the Anti-Dumping Tariffs and imposts for standard aluminium square, circular and angle sections etc. that are sold in local hardware stores i.e. standard profiles that are produced by any extruders in China, or aluminium windows and door profiles etc but we simply cannot understand it being applied to specific industry custom made sections like ours that are NOT readily available or generally used in the market but solely and specifically used as Edgeform with magnets in the Precast industry, a very small specific industry with limited number of Precasters, and like in Australia (where Capral produces the majority of the sideforms sections) our sections are limited to a smaller number of extruders as our sections are very large and very complex in shape and profile and not many extruders have the capabilities to extrude the high grade of aluminium alloy i.e. 6061-T6 in the sizes we require and to the tolerances and complexity we require.

We only have specific extrusion factories producing the profiles solely and specifically for us and no other extruder or supplier produces them or can produce them or make them available for sale at all – for as stated it is very specific and customised profiles.

In the Australian market we believe that the imposition of the Anti-Dumping Tariffs is not producing the desired or intended results and is NOT resulting in increases in aluminium sales, by local producers, of sideforms to the Precast industry but is instead having the opposite adverse effects and now severely negatively impacting on companies like ours – we are as much Australian (if not more as we have NO foreign ownership) than the large Aluminium producers here!

We therefore believe that the Anti- Dumping Commission should look at exempting certain and specific manufacturers and suppliers like our company of any Anti-Dumping Tariffs for importation and sales of our custom developed and designed aluminium sideforms to specific industries like the Precast industry in Australia.

We were told by the Australian Government to be “innovative” so as to be able to compete in a Global Free Market - so we have spent many years with a lot of effort and money invested in research and development and design of our exclusive proprietary products which includes our unique aluminium sideform extrusions so as to give our company a competitive edge against the other larger international suppliers of formwork to the precast industry we compete against.

The we are told by the Australian government that a “Free Market” system is the best for us and we have become “Competitive” against other world international producers BUT in telling us this they then introduce “anti-dumping” Tariffs (contrary to this mantra to protect an uncompetitive industry) on goods we specifically developed to make us competitive hence making us uncompetitive? It is totally unfair and totally unwarranted to destroy this advantage we have based on our unique and novel designs and innovation and give the said advantage to our opposition intentional suppliers through these anti-competitive “anti-dumping” tariffs.

Why then not simply extend them to Steel as well and Plywood i.e. wood products, plastics etc. why just apply them to the one industry for that way we can also protect our forestry Industry, steel industry and plastics industry all of whom are also being decimated by China supplied products – why just apply it to one specific industry.

The Anti-Dumping Tariffs are not in any way in any “REAL” terms assisting the local producers in the sales of aluminium sideforms to the Precast industry as they have in our opinion falsely lobbied the government for carte blanche coverage of all aluminium sections being imported to any industry in Australia whether the producers has any significant sales to that industry or is in fact losing market share in any said industry even with the anti-dumping tariffs being imposed.

We believe their sales to the Precast industry of aluminium sideforms has in fact dropped over the past few years to date and NOT from any import of aluminium into Australia as NO ONE has imported ANY aluminium sideforms into Australia from China at all in the past 15 years – we know every single supplier in Australia of aluminium sideforms and know every single precaster in Australia and know for a fact that NO aluminium sideforms have been imported into Australia especially from China in the past 15 years or more.

With that being the case how is it then justified at all to impose a carte blanche Tariff impost on importation of aluminium sideforms to the precast industry and if any benefit?

The reduction in sales of aluminium sideforms in the precast industry is solely based on extremely high production costs of the aluminium sideforms in Australia where the production costs of the aluminium sideforms in Australia are substantially higher than production costs of other forms of sideforms (not aluminium or competing aluminium from overseas production) namely from steel shutters and imported plywood from China.

Therefore even the imposition of a forced monopoly via introduction of the Anti-Dumping Tariffs has not helped increase sales of aluminium to this Precast industry as even without competition with foreign produced aluminium extrusion of sideforms specifically for the Precast industry(as we reiterate there has been none for the past 15 years), Local production of aluminium sideforms CANNOT compete against other materials and systems used for sideforms coming in from China as their priced aluminium section are far greater in cost than other steel and plywood systems as illustrated.

Accordingly we believe that the commission should give companies such as ours exemptions from the Anti-Dumping Tariffs on our specific sideform extrusion profiles to enable us to sell these profiles to the Precast industry in Australia and also overseas. The Anti-Dumping impost and penalties are seriously unfairly and unjustly hurting our operations on the basis of some perceived benefit to local aluminium extruders when in fact that is not a “real” benefit as such especially for the Precast industry.

**We therefore believe it is unjust to penalise unfairly one Australian company for the benefit of another – we are not a Chinese company mass importing standard aluminium sections and dumping them on the Australian market – we are a Australian company that has spent a huge amount of time and money and resources in research and development of a unique precast formwork system that is now being unfairly penalised through these Anti-Dumping imposts. Not being able to sell and market our novel technologies as a result in Australia and even overseas for that matter due to Anti-Dumping Tariffs make us uncompetitive. What is the point of the government promoting “Innovation” when we have innovated and spent a fortune doing it only now to be made commercially unviable through the imposition of the Anti-Dumping Tariffs on our innovative products.**

In conclusion we ask that our company is given exemption from the Anti-Dumping Tariffs whereby these exemptions can be extremely narrow and narrowly focused on specific sideforms sections and profiles that are specific to our Precast formwork system and application. As previously stated we are not in the business of dumping standard aluminium profiles and sections onto the Australian market but would like to exploit our unique intellectual property that we have gone to great length and expense to develop.

We look forward to receiving a positive reply to your review of these, in our opinion, unjust Anti-Dumping measures.

Regards

Yuri Posa

*Managing Director*



**Concrete Formwork Technologies Pty Ltd A.B.N. 47 169 116 205**