

EZY TOOLS PTY LTD

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To: The Director of Investigations – Investigations 3 Anti-Dumping Commission,

Response to:

Gilbert Ullrich's response to Ezy Tools Application for Duty Exemption

1st: our business name is Ezy Tools Pty Ltd not Easy Tools Pty Ltd

A) Is Gilbert Ullrich saying here that Australian Extruders do not have enough work? Not surprised!

Our comment on this would be, given our own experiences with various Australian Extruders, that this situation is *probably their own 'fault'*. If we really 'owned' our dies and could actually take them, leave and shop around, we think the situation would be very different to how it is now, and not just for our business. We would be able to source locally at reasonable prices (linked to the LME, transparently and fairly).

In our experience, the Australian Extruders used the 'physical possession' of the expensive dies (we actually pay for) to 'hold local customers to ransom', especially regarding continual price rises; they never went down to reflect LME decreases. This, we think, is especially for smaller companies like ours, who do not have the powerful 'negotiating' budgets of larger companies.

As we had no ability to 'shop around' and thereby gain "equal terms under like conditions, having regard to the custom and usage of trade", as is the situation that currently exists, we were forced to investigate all options for our company. Unfortunately for the local Aluminium Extruding Industry this has meant Ezy Tools, and many other potential and past customers, have gone

offshore seeking their extrusions from the very competitors the Australian Extruders now complain about. Instead of improving their prices, they seek to have duties placed on any and all 'competitors' by applying to the ADC.

We now find we are getting a better service and better treatment; *having a mutually respectful relationship with our supplier is very important to us*. The quality of extrusions is consistently high and we get appropriate warranties if any issues do arise without any disputes/arguments and such matters are also resolved quickly. The delivery times are good, predictable and reliable, and with a high communication level (all emails are responded to promptly).

All this means we can plan well, and ahead, having regard to our cash flow and budget considerations. We can negotiate for lower volumes and trial small runs for new tools we add to grow our product list. The prices are clearly LME based, reflecting rises and falls, and this is so much more 'transparent' for us to follow and understand; without any "complicated" pricing "model" as used by the Australian Extruders to justify their constant – past – rises to us.

This more predictable pricing, regardless of the rises and falls, is for us, as a smaller customer key to us not raising our prices in 19 years; allowing us to 'fight off' dumpers. We initially set our prices, but in 2005, when our patent ran out we "had a moment" when Master Finish tried a 'price war' with us (bringing out their own version of a level screed) and trying to 'harm' us by 'flooding' the shops with 'special deals'. We dropped our prices slightly, but then decided not to get involved in such a fruitless activity. We instead concentrated on being the 'best' in everything we do and having faith in our level screed as the original and the 'best' on the market; we had also actually rejected their 'type' of level screed in our development stage. We have not looked back.

Other companies, our competitors in Australia, have stopped buying extrusions completely and no longer manufacture goods in Australia, having closed down their factories. These companies have sought fully made & finished goods from overseas manufacturers and thereby decreasing manufacturing in general & consequently manufacturing jobs here in Australia. They are in fact 'exporting' Australian jobs while they are importing '**fully made overseas**' goods. I have to point out that they also pay very low Duties on fully finished goods in comparison to those now imposed on our extrusions, due to Capral's actions.

Making it as difficult as possible for customers is not a great 'business plan' in our opinion. And many consequences are evident to us regarding the 'flow on effects' as outlined above. We now have 19 years' experience in parts of this business. We have seen many changes over time. We have been told many things as we travel around servicing our clients, or during meetings with prospective ones. It has been suggested to us that we, too, should: "go overseas" and have our goods: "100% manufactured offshore".

One example we are well aware of is that in Sydney A.G. Paulie/Master Finish closed up his factory and now imports fully finished goods/products to sell here. They are one of our main competitors. We actually benefitted from their decision to become 'wholesalers' versus 'manufacturers'. By staying in Australia and manufacturing and distributing our own quality tools, with consistent and equal pricing for all our outlets, as well as the best service we can offer them, we have created a successful business (even if it is small). And we now export to the USA as well, so helping the Balance of Trade figures (also in a small way, but it all adds up).

If the Australian Extruders Association Group is concerned, perhaps some serious self-assessment is needed by them. We, being on the 'receiving end' have not been happy with them, in the past or currently. Despite our own self-assessment as 'Ezy Tools being successful' (we are genuinely proud of what we have achieved), we do realise we are probably far too small to be of real interest to them and think their refusal to grant us an exemption is yet another example of their 'type' of business practices.

B) As we have said prior, it is too expensive for Ezy Tools to retool our specific and unique 13 dies. We have had several contacts by Australian Extruders since we started this process of dealing with the ADC, and NONE have given us anything but expensive and prohibitive quotes, including Ullrich. It is 'the same old same old', despite years having passed since we last dealt with them.

As we keep reiterating, the volumes they want are also not suitable for all our extrusions, we cannot order such 'minimum' amounts required by them – as we do not need that much for several dies and we do not have the cash flow to order such large quantities for all our dies equally.

None of them understand that we are a 'micro' business. They would be happy to 'cherry pick' our 'better' extrusions and have us 'dump' our current supplier (just for those ones), but that would be totally unfair to our Malaysian supplier who has treated us well and does supply us with the smaller volumes we need. The 'suggestion' was an 'affront' to us too. Our orders have to be in a 'package' for us to be able to manufacture our entire range of tools.

C) Yes, we are a registered Australian Made company. We qualify for this regardless of some of our inputs coming from overseas. Many here have "Local & Imported" as part of their products; it is a world of international trade nowadays. We now export to the USA and they are very happy to see that the goods are made here by us in Australia and that we are a private, family-owned business; especially with the current political climate in such turmoil under the Trump Presidency.

If we could secure dies for free, as others do (large companies) AND not be 'held to ransom' regarding prices continually rising without regard to or consideration of the fluctuations of the LME (as we have experienced in the

past) AND really 'owned our dies', as we did pay for them, it would be 'nice' to be 100% Australian. We are pretty certain that this is not going to happen, given our past experiences with the Australian Extruding Industry.

Having some overseas components does not negate our "Australian Made" status, as 'suggested' by Gilbert Ullrich (who is a NZ/Australian company, now termed 'Kwassie' by the latest dictionary definitions). We, in fact, did not seek them out; they sought us out in 2008/2009 and guided us through the process to registration. They had to 'convince' us that it was suitable for us too. We used to think having any "made in a certain country status" meant 100%, but it does not, it is quite low in some countries, especially Germany from what we have heard. The reality is that it is a % thing for all products; few are 100%, even many food products, as you see by the new bars attached. The world is well and truly now a place of 'mixed' origin goods; even the Australian Industry is part of this international trade.

Yes, there is one point we can agree on, the delivery times would be shorter, BUT the times we achieve are pretty good as they are from our Malaysian supplier (5 to 6 weeks) AND ALL THE OTHER FACTORS MENTIONED ABOVE FAR OUTWEIGH THIS ONE FACTOR FOR US!

Being 100% Australian Made would have no further benefit for us than our current percentage/amount/totals/statistics do; we are a registered "Australian Made" company and that's that basically. In our experience, to be critical, it hasn't been of much advantage for us against our competitors who import fully finished products from overseas suppliers: **price is ALWAYS the KEY factor.** And this applies for Ezy Tools too; we need to be very budget conscious.

D) Gilbert here refers to Chinese extrusions being funnelled to Australia (*suggesting we do this?). Our own small supplier has already done their 447 questionnaire/spreadsheets etc.; there was yet another Capral legal application regarding this matter. Our supplier's response to this particular section of the questionnaire was: "Not Applicable" to all those questions.

The example used to justify a rejection of our application for a Duty Exemption, is extraordinary; in terms of applying such an example to our small company and our Malaysian supplier, it beggars belief. I read it all and this 'level' of the industry is totally not relevant to us or our supplier; it is more to do with size of companies like Capral and Ullrich, especially in terms of the millions/billions mentioned, and global conferences/events listed at the bottom of the page. None of this falls within our experience/s.

- It is about the Vietnamese Government, not our Malaysian supplier
- I have done several Certificates of Origin for our USA shipments and have done extraordinarily complex paperwork and calculations for the US Customs too (and we 'passed' their requirements easily as "Aus. Made")

- The amounts are 'mind-boggling' (1.5 million metric tonnes of aluminium) and worth billions of US dollars on the open market...
- These amounts are on the opposite end of the scale to what we import!
- We do not do business with GVA, and it is ***totally irrelevant*** as 'an example' ***or even as an 'offering of some sort of evidence' to deny our request for a duty exemption.***
- It is like Ullrich is trying to 'tar us with the same brush' by presenting this incredible example to the ADC as a reason to deny our application for a Duty Exemption. 'Guilty by association' is really being stretched beyond belief here. We are in no way 'associated' with GVA or Jacky Cheung, whoever he is!

The paragraph after point (D) is a bit confusing; but I understand it to say that Ullrich "also imports some aluminium profiles outside (its) capabilities and (also) manufactures for both the domestic and export markets". Our point exactly, WE IMPORT SOME EXTRUSIONS TO MANUFACTURE OUR GOODS HERE IN Australia, and also export to the USA, and their companies are also doing 'international trade'. Why are they allowed to restrict/damage our trade?

Isn't this our point too? If they can, why can't we? As we have said before, where did they all get their billets during the Alcoa crisis (Vietnam/Malaysia?) The article said there was a connection to Australia and that the firm was a "100% foreign capital enterprise operated by investors from Australia". Did GVA do business with any here during the 'Alcoa crises'? These are all the very BIG 'players' to us, and far removed from our business in every way.

We are 'the staff' in our business; we are a micro business. We do all the work in our manufacturing and distribution business. We too have faced competition. We chose to NOT litigate (because of time and monetary costs) even when it was patently obvious to us that we were facing competition from Australian and overseas companies 'dumping like products to ours' in this market at basically 'below cost'. As we service all our shops ourselves, we got a lot of anecdotal 'feedback' on this to confirm our opinion.

We chose instead to be a 'better' company as a 'business solution' to this problem. We chose to offer all of our customers the same excellent service and quality product we could, and at a good price, if not the 'cheapest'. The 'price war' mentioned above has come back to 'bite' them as we have not raised our prices in 19 years now. Originally there was not much 'competition' in the market, with one company dominating, we broke that 'monopoly', and others have followed us into this market, offering further competition. All of these competitors raise their prices annually, passing on price hikes to end users. Over time their prices have 'passed ours' and we are now often 'cheaper' than some of their products. All of these 'tactics' have brought us incredible brand loyalty from our customers, and this is frequently remarked upon.

As well, we gradually brought more and more of the various production processes in-house to increase our manufacturing tasks (and consequently increased our "Australian Made" percentages). We have concentrated on refining and honing our manufacturing and distribution processes and tasks and thereby increasing our efficiency in everything we do.

We have been told that we have: "changed the face of screeds across Australia" and we plan to continue this into the USA and Europe next; where tradespeople still use a 'stick of wood' instead of the more ergonomic 'screed base with handle attached' as has been used in Australia for over 40 years, and nearly 20 of those years with the 'level in the handle'; the 'EZYSCREED' invented by Emil Puskas. Our competitors have attempted to copy our level screed invention and also they now follow many of the changes we introduced (for example they now deliver screeds fully assembled). They have followed us into the USA also. So, even though small, we have had quite a significant impact.

A look over the products manufactured by Ullrich (we 'googled' them) shows us the company does not make our products, namely: hand tools. Like Capral they are more involved in producing the 'larger' items suitable for the building and construction industries, and on a commercial scale that has nothing to do with us or our handmade tools.

It is as it appears to us, they will 'broach no one competing against them in any way' or seeking suppliers from elsewhere, not even a tiny little business such as ours. And all this despite the fact that they do not make our profiles/extrusions, and would gain little by doing so on the scale they operate at, even if we were a client!

It is unacceptable to us that they take this 'attitude' and are not supportive of businesses such as ours in this country. Their past actions towards us have meant we had to seek supply elsewhere in order to be viable. They choose to treat such small companies as our 'differently' to their other (preferred) larger clients. They make a deliberate choice to 'protect' their businesses by choosing to go down the path of litigation, and prolific litigation too.

In our opinion, they have even been a part of the movement of manufacturing overseas versus this staying here and providing local jobs. This is due in part to how they choose to conduct themselves in business. In this age of developing "Trade Wars" it will be very interesting to watch and see how such attitudes impact these big companies, as they are impacting ours now.

We respectfully request that the ADC considers all our comments and find in our favour.

Yours sincerely,
Diann Grass (Administration & Accounts, Ezy Tools P/L)
On behalf of Emil Puskas (Proprietor, Ezy Tools P/L)