

EZY TOOLS PTY LTD

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

Response to:

2nd Capral Response to Ezy Tools Exemption Application (published under EPR EX0055), by Luke Hawkins, General Manager... dated 7 December 2017.

- I. Under the heading Application. Luke Hawkins again refers to our: "**claimed 12 unique extrusions**"... I do not consider this anything but "tonal" and implies some sort of lying on our part. Purpose of?
- II. **Appendix 14:** finally seen, and the admission that Capral does NOT (currently) have dies for those identified in this appendix 14, is made here. This supports our statements regarding our "claims" that our extrusions are ours alone and that Capral does NOT supply these SPECIFIC types of Ezy Tools extrusions and should not be able to stop us importing them. They do not make such extrusions, so why should they be able to stop them or have Duties imposed on them and thereby place greater financial burden upon our company?

As the ONLY (potential) customer for our Ezy Tools SPECIFIC & UNIQUE EXTRUSIONS, Capral will never be cutting these dies nor manufacturing them, despite "being capable of producing the sections identified" - as our company does not choose to be a client of Capral now or in the future.

The statement that "Capral is capable of producing the sections" is a pointless comment, as we have made it very clear, we will not be doing business with them again for several reasons. One of the MAIN POINTS being that their

reference to: "Capral is prepared to cut the dies and supply Ezy Tools with the goods on the same commercial terms that Capral supplies similar sized customers in Australia" basically means we would be paying in full for the dies as they would "group us into the too small to get free dies" basket of their "TRADE DEALS". This has been made very clear to us, by Capral and others in the Australian Industry. Basically, our volumes are "too small" for us to "get free dies" like others do.

On the point of "similar sized customers", we are a micro business. It is VERY unlikely that Capral, or the others in the Australian Extrusion Industry, deal with a company as small as ours! I doubt very much that there are "similar sized customers" on their books.

The definition of SME does not really cover our business as we are so small. To explain this further, we employ my husband and myself and are now training our two sons (aged 22 & 24 years) in the business with the view of them potentially inheriting when we retire, if all goes well. This will essentially "give them a job/income/business to run". So, our current "number of employees" is 2, with 2 in training. Our annual turnover is available to the ADC (IN CONFIDENCE) and will be provided upon request. It will illustrate that Capral's claims of 'trading equally with us on a like for like basis is actually in all likelihood not possible.

As a micro company, every dollar counts for us. All extra costs come directly out of our pockets, so to speak. The ability to 'make the best deals' we can is crucial to our budget. When we went looking for our own supplier of extrusions, it was not 'done overnight'. This process took time, firstly to find one that would actually 'deal' with us. Secondly, we had to slowly make the 'changeover'. Thirdly, now that we have 'sorted out' a lot of the supply issues and developed an excellent business relationship with Alumac, and now appear to be able to increase our exports (USA) – along comes Capral with their sweeping anti-dumping duty application/s and we are 'caught up' in this.

Stating that they can 'cut our dies & supply' Ezy Tools does not mean it is at all possible for us to do, even if we wanted to do business with such a company. One of the reasons we left them in the first place is we were made aware of the 'double standards' that apply to some customers and not others in terms of pricing, and that their prices would increase constantly with no regard to the LME at all. Any attempts to try to 'deal' using LME statistics was useless because they 'had us' – they had our dies and we could not just take these and leave and go 'shop around' (as we keep telling the ADC).

Capral can continue to repeat the same points over and over, but it is the REALITY of all this that affects our company, and others no doubt (several other companies have made direct contact with us, and have indicated they are finding 'alternatives' to 'get around' all this, for e.g. one is 'going plastic' now instead of using aluminium for their product/s). Once they have your dies, you

are 'stuck', unless you have the money to move, OR CAN GET FREE DIES, like BIG companies can. Our 'bargaining power' is very low in comparison and it is NOT a 'level playing field' out there in the business of aluminium extrusions.

Another thing that 'gripes us' is about Alcoa crisis and the period when Capral obviously had to be getting their billets from overseas and was importing these. And do they still – fully or partially? We do not know. Does the ADC? And in terms of the FTAs, we are well aware that Alcoa gets heavily subsidised electricity, so isn't this also a factor in the overall consideration of the Capral case? In effect Capral is receiving (indirect) subsidies in this regard – yes or no? And therefore Capral receives a financial benefit via our taxes, including those paid by Ezy Tools. And we suspect they had 'better terms of trade' due to the size of their company in negotiating such 'deals'.

We have tried to negotiate with several in the Australian Industry (Capral included) over time, and it has been very 'unsatisfactory' in the main. When we decided to embark on the changeover we compared as many as we could. Many wouldn't even deal with our company (being "too small") or they had incredible 'expectations', not understanding how small we actually were. Anyway, we have managed it all and are very happy with our supplier; as we have said, they share our 'business ethics' and the trust we have developed in each other is not easily replaced.

III. Closing remarks: very repetitive, and we can only say "see above".

Capral would have scrapped "our dies" (cash for scrap by now), never reimbursing/crediting us for selling/scraping what we "owned", nor giving them to us to take elsewhere. This is the industry we are in, and this should be changed. It means we (and others) cannot 'deal' on an 'equal footing' with these companies, as they hold us and our dies 'to ransom' essentially.

This ONE FACT & REALITY MAKES IT VERY CLEAR THAT THERE IS NO: "EQUAL TERMS UNDER LIKE CONDITIONS HAVING REGARD TO THE CUSTOM AND USAGE OF TRADE" for we customers, as they keep claiming. It just does not exist.

Capral is well aware of just how expensive & therefore prohibitive it is to try to 'change' suppliers in this industry, especially for small customers – they get 'locked in' by the fact that the dies they pay for are never in reality 'their property'. It is time the ADC took this KEY & incredibly important factor into consideration when dealing with these matters/applications.

If Capral and other Australian Extruders would change the way they do business regarding the 'actual & real ownership' of the dies and pass this ownership 100% to customers, with the right to take dies and leave and seek other

quotes, then they would find that customers like us would not have to go overseas seeking a 'reasonable deal'. We could then aim to be closer to the 100% Australian Made we'd like to be. Market forces would then apply and it would be a situation that was fair and productive for both Australian extruders and customers. More Australian manufacturing staying here, and not 'moving overseas' as has happened, might then be a genuine possibility.

Yours sincerely,

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