

19 December 2017

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By email

Dear Director

## **Darley Aluminium - alleged dumping of aluminium extrusions Comments with respect to material injury and causation allegations**

We represent Darley Aluminium Pty Ltd ("Darley") for this investigation.

In this submission we wish to draw the Commission's attention to certain features of the Australian market for the goods under consideration ("the GUC"), to assist the Anti-Dumping Commission ("the Commission") in its consideration of the allegation that material injury has been caused to the Australian aluminium extrusions industry by any "dumping" of the GUC exported by the two Chinese exporters or from Thailand.

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**NON - CONFIDENTIAL**

## A No signs of material injury based on Capral's information

We note that Consideration Report No 442 in this investigation ("CON 442") determined, on a *prima facie* basis, that there were grounds to support the claim that the Australian industry had experienced injury in the form of:

- price suppression;
- suppressed profitability;
- suppressed profit;
- loss of market share; and
- suppressed return on investment.

We understand that these claims are based on information provided in the Application lodged by Capral Limited ("Capral"), with the exception of the claim of "loss of market share", which is not claimed by Capral.

At the outset, we note that Capral is only one of nine domestic producers producing aluminium extrusions in Australia. The market share information contained in CON 442 suggests that Capral consistently accounted for around 45% of the total market share held by the Australian industry overall. In that light the Commission must carefully examine whether the data provided by Capral is truly reflect or representative of the Australian industry.

Notwithstanding that, we maintain that even if it is assumed that the information presented by Capral is reliable, it simply does not support any of the claimed injuries, as we now wish to explain.

### 1 No sign of volume-based injury

CON 442 provides the following information concerning injury in the form of effects on "volume":

#### 4.5. Volume effects

*Capral did not claim lost sales volume or lost market share as an injury factor in its application.*

#### *Sales volume*

*Figure 3, below, shows that Capral's domestic sales volumes of all finish types of aluminium extrusions increased in each year from 2013/2014.*

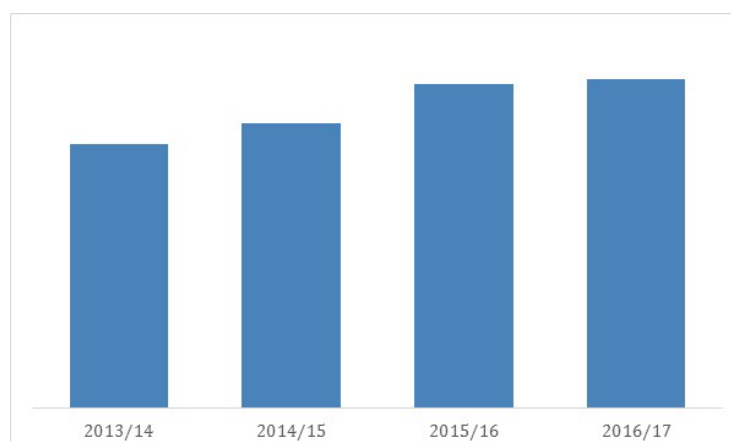


Figure 3 – Capral's domestic sales of aluminium extrusions

Figure 4 illustrates that the Australian industry's share of the Australian market increased each year between 2013/14 and 2015/6 and marginally declined in 2016/17. [underlining supplied]

Likewise, the Australian industry as a whole also increased its sales volume in each year since 2013/14:

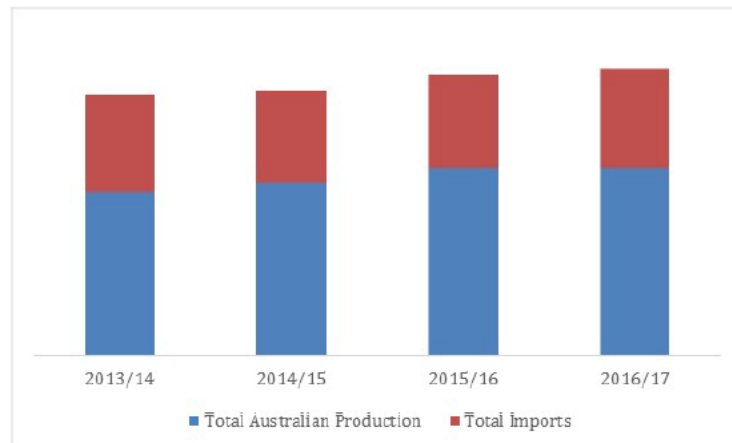


Figure 2 – Australian market for aluminium extrusions (T)

Regarding the Australian industry's total market share in 2016/17, we provide the following comments for the Commission's consideration:

- The Australian industry's market share for 2016/17 was really no different to the previous year, which was its highest point since 2012/13.
- The sales of both the Australian industry and Capral continued to surge during the period of investigation ("POI") and the volume in the POI were at their highest volume since 2012/13.
- Capral's capacity utilisation rate is likely to have been at historical high during the POI, noting the Commission's finding concerning Capral's performance during the 2015/16 period in Report 362:<sup>1</sup>

*The total capacity of the Australian industry remained steady across the injury analysis period. Capacity utilisation has increased from approximately 65 per cent in 2012/13 to approximately 81 per cent in the investigation period. The increase in capacity utilisation is expected as a result of the increase in Australian industry sales volumes in recent years.*

Accordingly, in light of the ever growing sales volumes enjoyed by both Capral and the Australian industry overall, there is no evidence that the Australian industry has suffered any volume-based injury.

## 2 No sign of price-based injury

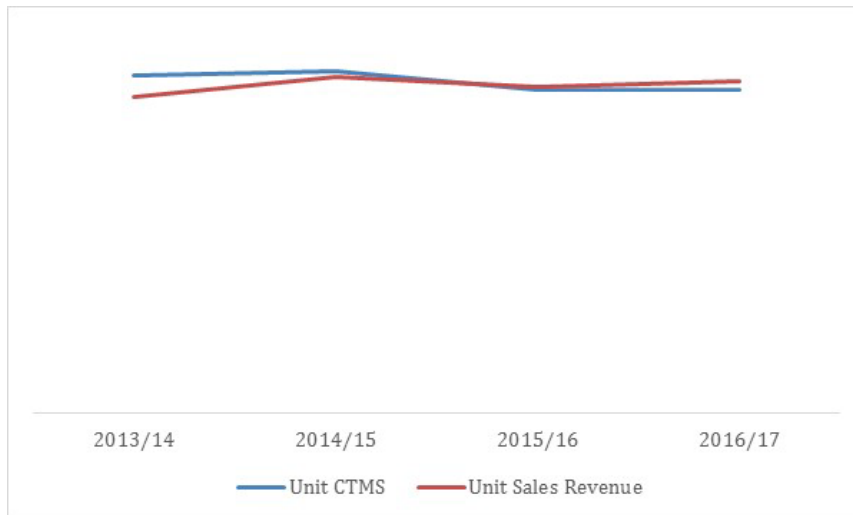
CON 442 notes:

*Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise would have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs.*

<sup>1</sup> See Report 362, at page 72

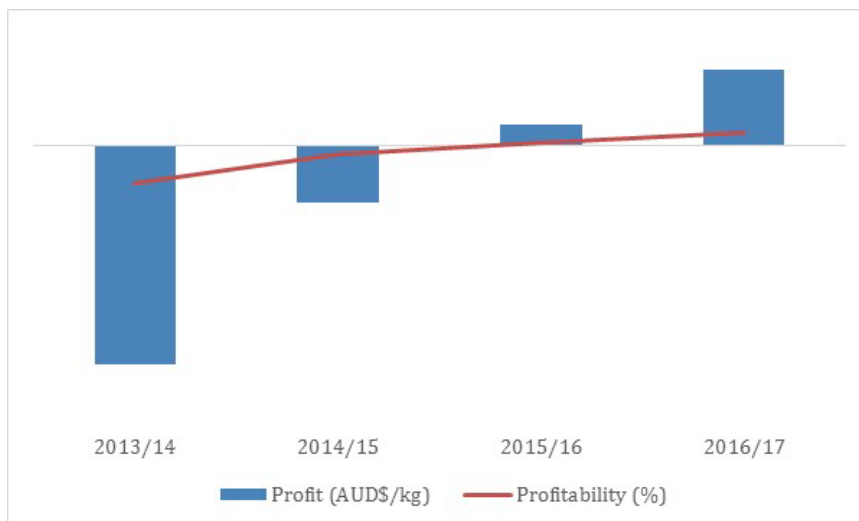
In this regard, we again refer to the clear evidence on the record, which simply does not support any claim of price-based injury:

*Figure 6 below shows the movement in weighted average unit cost to make and sell (CTMS) and unit selling prices provided by Capral over the injury analysis period.*



*Figure 6 – Capral's unit CTMS and unit selling prices of aluminium extrusions*

And:



*Figure 7 – Capral's profit and profitability of aluminium extrusions*

These graphs clearly show that:

- there has been no price depression during the POI – revenue has increased;
- there has been no price suppression during the POI – revenue has increased at a higher rate than costs (and volume has also increased).

In this regard, CON 442 references Capral's application as follows:

*In its application, Capral claims that it has suffered injury in the form of price suppression, but not price depression. Capral states that:*

*“...It was Capral’s expectation (and the expectation of other industry members) that it would experience a period of recovery following the imposition of measures on exporters in Malaysia and Vietnam”; and that*

*“...this has not materialised as importers sourced goods from the two Chinese exporters not the subject of measures, and all exporters from Thailand.”*

The occurrence of price suppression must be determined objectively, and must be based on positive evidence. The level of profit Capral may have “expected” or hoped for has little relevance to the question of whether price suppression has occurred. The fact is during the POI:

- Capral increased its prices whilst its overall costs did not change;
- Capral increased its prices whilst also increasing its sales volume;
- Capral achieved its highest revenue, profit and profit rate since 2009.<sup>2</sup>

These facts would suggest that CON 442 failed in its task of determining whether there was price suppression in the POI – there was not.

The Commission will be required to examine the performance of other Australian industry members so as to form a holistic view of Capral’s price-based injury claims. This is particularly relevant in circumstances in which the other eight Australian industry members account for more market share and production capacity than does Capral. More importantly – those other Australian industry members compete with Capral. The only price competition is not that between Capral and imports. Competition is taking place on a much wider front, and includes competition amongst the Australian industry members themselves.

### **3 No evidence of suppressed return on investment**

We simply cannot see any basis for a claim of suppressed return on investment in the application or CON 442. There is no evidence or explanation in support of this argument. The “index of return on investment” in Capral’s application is as follows:

*Index of Return on Investment*

Period	2013	2014	2015	2016
Index	100	27.5	-183.2	54.6

**Notes:**

1. Period is 1 January to 31 December.
2. Data is from Line 24 of Confidential Appendix A7.

Evidently, Capral’s return on investment was much improved in 2016 compared to 2015.

We would also ask the Commission to investigate and explain why the data is provided on calendar year basis when most of the other data in the application is provided on financial year basis. The fact that the data is provided only up to end of 2016 means that nine months of the POI is not covered;

Further, how does the return on investment reconcile with the revenue and profit performances of Capral? As noted above, Capral was profitable during 2015/16 and became more profitable during 2016/17 at a time of historically high sales value and volume. It seems strange that Capral’s return on

<sup>2</sup> See Report No 287.

investment in 2016, being a period of high sales and high profit is lower than years with smaller sales and big losses such as in 2013.

We respectfully request the Commission to consider these issues and further investigate Capral's claim, and to do so in the context of the experience of the Australian industry as a whole, rather than only in the isolated context of Capral itself.

#### **4 There was no case for initiation**

In summary, we submit that the information contained in the Application and in CON 442 did not suggest that the Australian industry suffered material injury during the POI.

### **B Injury is not attributable to exports from the named sources**

Notwithstanding the extremely doubtful proposition that any injury is demonstrated in the application and in CON 442 at all, we now address Capral's claim that the Australian industry has suffered material injury caused by the alleged dumping of the GUC from the two Chinese exporters and Thailand.

Capral's application claims that material injury is being caused by dumped imports from Guangdong Zhongya Aluminium Co., Ltd ("Zhongya"), Guangdong Jiangsheng Aluminium Co., Ltd ("Jiangsheng") and imports from Thailand, in essence, because such exports "displaced" the supply from Malaysia and Vietnam:

*It is Capral's view that material injury sustained in 2015/16 has continued in 2016/17 as exports from China not the subject of interim anti-dumping measures, and exports from Thailand, have increased and displaced exports from Malaysia and Vietnam that were the subject of investigation (and subject to provisional measures from October 2016).<sup>3</sup>*

...

*Following the imposition of preliminary anti-dumping and countervailing measures on aluminium extrusions exported from China in 2009, it was Capral's expectation that it would recover from the injurious impacts of the Chinese exports. Investigation 362 confirmed that importers had shifted sources of supply to Malaysia and Vietnam at prices below China, to undercut the Australian industry's selling prices. This application confirms that importers have again sought-out new sources of supply – from the two Chinese exporters not currently the subject of measures, and new exporters of aluminium extrusions in Thailand.*

*The dumped exports from China and Thailand have restricted Capral's ability to recover from the injurious effects of dumping – originally from exports from China, followed by new sources of supply in Malaysia and Vietnam, and now from Chinese exporters not the subject of measures, and new exporters in Thailand. The injury sustained by Capral is material as the company is barely at breakeven in the manufacture of aluminium extrusions, and has not achieved the forecast returns on investment that were anticipated.<sup>4</sup>*

This claim, in so far as it concerns exports from the two Chinese exporters, and to some degree, the small volume of exports from Thailand, is unsubstantiated.

#### **1 No volume-based displacement**

Capral's claim is that it was previously being injured by imports from China, Malaysia and Vietnam, and that such injury has been displaced by exports from Zhongya, Jiangsheng, and Thailand. For such "displacement" to have taken place, in a growing market, it would logically require:

<sup>3</sup> See Capral's Application, at page 23.

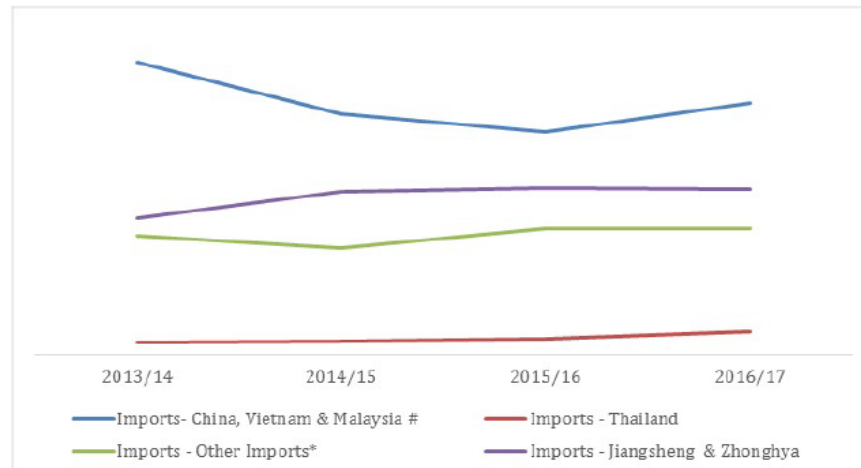
<sup>4</sup> See Capral's Application, at pages 32 and 33.

- the import volume of the GUC to have *increased*;
- the import volume from Malaysia, Thailand and China to have *decreased*; and
- the Australian industry's volume to have either *decreased or remain unchanged*.

However, the evidence set out in CON 442 does not paint this picture. For example, 4.5.3 of CON 442 presents the following information:

#### 4.5.3. Import volumes

Figure 5 below, shows the Commission's estimates of import volumes for the injury analysis period.



**Figure 5 – Import volumes by country**

# Excludes imports from Jiangsheng Aluminium, Zhongya Aluminium and Malaysian exporters not subject to measures  
\*Includes imports from Malaysian exporters not subject to measures

Figure 5 illustrates that, import volumes from:

- China (excluding Jiangsheng Aluminium and Zhongya Aluminium), Vietnam and Malaysia (excluding Malaysian exporters not subject to measures) declined between 2013/2014 and 2015/16, before increasing in 2016/17. It is noted the import volumes in 2016/17 are below the import volumes achieved in 2013/14;
- countries not subject to anti-dumping measures and by Malaysian exporters not subject to anti-dumping measures declined in 2014/15, increased in 2015/16 and remained relatively stable in 2016/17 (increased by less than 1 per cent);
- Thailand have increased each year from 2013/14. It is noted the largest increase was in 2016/17 and that the 2016/17 import volume is almost double of that in 2013/14, albeit from a low base; and
- Jiangsheng Aluminium and Zhongya Aluminium increased between 2013/14 and 2015/16 and have remained relatively stable in 2016/2017. [footnote omitted, underlining supplied]

This analysis of the different sources of imports during the POI simply does not support and in fact disproves the “displacement” claim. Capral might have *expected* imports from Malaysia, Vietnam and other Chinese exporters already subject to dumping duty measures to diminish, due to the existing dumping duties and investigation 362. But this did not happen. Contrary to Capral's expectation, the reality is that:

- imports from Zhongya and Jiangsheng did not increase during the POI – despite the overall growth of the total Australian market;



- imports from Thailand increased, but still only accounted for a very small share of the import market, at just over 3% of total imports, and just over 1% of the total Australian market;
- imports from Malaysia, Vietnam, and China which are subject to dumping duty *increased*, and accounted for more market share than imports from Zhongya and Jiangsheng, at around 15% of total market share and over 44% of total import market.
- imports from other sources not subject to this investigation and not subject to dumping duties, including the un-dumped imports from Malaysia, also *increased*, and accounted for about 22% of import market, as compared to about 29% for imports from Zhongya and Jiangsheng.

There is no evidence that imports from Zhongya and Jiangsheng displaced the injurious imports from Malaysia, Vietnam and other Chinese exporters in any form. The evidence suggest the opposite. Whether or not Capral's expectation was met is irrelevant. The question is whether alleged dumping caused material injury. If that has not occurred, the investigation has no basis and must be terminated.

Given that the "displacement" theory is the sole basis for Capral's claim that the allegedly dumped goods from Zhongya, Jiangsheng and Thailand have caused material injury to the Australian industry during the POI, and given that the above analysis disproves that theory, the Commission is requested to terminate the investigation as soon as it is similarly satisfied.

## 2 No price-based displacement

Further, CON 442 shows not only that imports from Zhongya and Jiangsheng have not displaced the other injurious imports, but also that Zhongya and Jiangsheng's prices were not the lowest prices on the market and therefore were not responsible for any undercutting of the prices of Capral or the other Australian industry members. Indeed, CON 442 suggests that prices of the GUC from Zhongya and Jiangsheng were likely to have been higher than those of exports from Vietnam, Malaysia and Thailand:

- *Thai export prices are below the Chinese export prices and above the export prices for Vietnam and Malaysia;*
- *over the injury analysis period, the amount by which Thai export prices were below Chinese prices increased;*
- *over the injury analysis period, the margin between the Thai export prices and the lower Malaysian and Vietnamese export prices reduced;*
- *it is noted that a substantial volume of the goods in relation to Thailand exhibit an export price outside the price range adopted in the Commission's filtering of DIBP import data (\$2.00 to \$10.00). If these goods are included in the export price analysis for China, Malaysia, Vietnam and Thailand, the average Thai export prices are substantially below that of all the other countries. The Commission examined the description of these goods in the DIBP database and the reported volumes and does not consider the low prices to have resulted from errors in the DIBP database. However, these transactions have been excluded for the purposes of this report to ensure consistency with the approach taken in prior investigations, reviews and inquiries. These transactions will be further examined during the investigation.*

*The Commission conducted a comparative analysis of the export pricing for both Jiangsheng Aluminium and Zhongya Aluminium in relation to other Chinese exporters. This analysis compared Jiangsheng Aluminium and Zhongya Aluminium's export price at an FOB level, with the export prices for the other Chinese exporters including any interim dumping and countervailing duty payable. The Commission's analysis indicates that the export price for one of*



*Jiangsheng Aluminium and Zhongya Aluminium was below the other Chinese exporters' prices, whereas for the other it was above.<sup>5</sup>*

Accordingly, there is no evidence that suggests:

- any injurious effect of the low priced imports subject to dumping duties from Vietnam, Malaysia and China, and
- any injurious effect of low priced imports not subject to dumping duties, including the undumped imports from Malaysia,<sup>6</sup>

have been or could have been displaced by imports from Zhongya and Jiangsheng. In this regard, the Commission is referred to the following findings in Report 362:

*The analysis of the relative movements in prices and volumes relating to exports from China, Malaysia and Vietnam, in comparison to the Australian industry's prices, shows that:*

- *Vietnamese prices were the lowest in the investigation period;*
- *the reduction in the FOB export price of goods from Malaysia from Q2-2015 is likely a reaction to the rapid increase in goods from Vietnam at lower prices;*
- *cheaper goods from Malaysia and Vietnam have replaced volumes of higher priced goods from China and other countries; and*
- *the Australian industry's FIS prices appear to have reduced in reaction to lower priced goods from Vietnam and Malaysia.*

*The above supports a finding that price depression and price suppression has been caused by dumped and subsidised goods from Malaysia and dumped goods from Vietnam.<sup>7</sup>*

CON 442's price undercutting analysis suggests that the price dynamic in the investigation period of Report 362 has continued into the POI of the current investigation. Indeed, we submit that the same condition – the dominant position of low priced GUC from Malaysia Vietnam and other Chinese exporters - has been exacerbated. That is, during the POI the sources of imports which were found to have caused the Australian industry material injury in Report 362 remained the same, at similarly low prices and in even higher volumes. At the same time, imports from Zhongya and Jiangsheng have slightly declined, and the Australian industry has shown signs of strong recovery and growth in all aspects. These facts and circumstances must be considered to have the effect of severing any causal link between any alleged dumping of the GUC from Zhongya and Jiangsheng, and Capral's claimed material injury.

### **3 Zhongya's products not competing directly with the Australian industry**

Darley understands that most of Zhongya's Australian sales of the GUC during the POI were sold to Darley. This means that most of Zhongya's exports did not go directly into the Australian market at the same competitive level as the level to which the Australian industry sold to its customers.

Darley is not just a trader importer that engages in simple brokerage or distribution in the Australian market. Rather, Darley employs over [CONFIDENTIAL TEXT DELETED – number] staff, and operates through warehouses located in New South Wales, Victoria, Queensland, and Western Australia. Darley has developed products with its own proprietary designs. Darley owns and operates

<sup>5</sup> See CON442, at page 38.

<sup>6</sup> Report 362 notes that undumped imports from Malaysia accounted for more than 60% of imports from Malaysia and about 12% of total imports during 2015/16

<sup>7</sup> See Report 362, at page 89

its [CONFIDENTIAL TEXT DELETED – value adding processes] which add value to the goods imported from Zhongya before they are sold to Darley’s customers.

A large part of Zhongya’s exports to Darley were manufactured to Darley’s own proprietary specifications. These products are then sold under Darley’s own brand, mostly to customers who are window and door fabricators. That is, the goods exported from Zhongya and sold on to the Australian market via Darley are premium-branded products that are taken up directly and uniquely by Darley’s fabricator customers. Over the years, Darley has made a significant investment in its own branded products and in the network of fabricators who rely on Darley’s proprietary designs. Darley now provides some of the best value-adding services in the Australian market, through its various warehouses facilities, its reworking of imported goods, and its delivery system. It has become a dedicated and reliable distributor of aluminium extrusions to businesses that have adapted their own production methods, and that market and sell windows and doors, based on the profiles that Darley supplies.

Darley has developed a reliable and steady base of fabricator customers who use Darley’s product systems in their projects. Darley’s typical customers buy Darley’s products and use Darley’s [CONFIDENTIAL TEXT DELETED – value adding services] as a long term solution. They do not and cannot shift supply between Darley and other suppliers on an intermittent basis. Darley has demonstrated to the Commission time and again that its sales of the GUC on the Australian market are consistently profitable, which further demonstrates that Darley’s products are sold as a premium product at fair prices, rather than being a basic seller of low value non-branded products that compete at low prices.

To be clear, Darley’s products do compete with the products of Capral and of the other Australian industry members who produce and supply their own branded window and door systems and other extrusion products. These fabricators customers typically sign up to supply agreements or licenced distribution agreements with suppliers on a term basis. For these customers, the reliability of supply, on time delivery, and the supplier’s support services are the key elements in their procurement decisions. They are not active in the price-centric market for generic or “OEM” extrusions.

As an example of the different dynamics and price sensitivity of the generic/OEM aluminium extrusion market as compared to the branded/proprietary product market, we refer the Commission to two price notices issued by Capral (Confidential Attachment 1). As shown in the attachment:

[CONFIDENTIAL TEXT DELETED – price notice information]

The different degrees of price increase demonstrate that Capral has a greater level of price freedom with respect to its own product range, which is sold into a “tied” fabricator customer market which is less price sensitive. Darley’s products – imported from Zhongya - are branded/proprietary products. They compete with Capral’s own branded/proprietary range. Thus, the GUC exported from Zhongya and sold to Australian customers via Darley are not the source of harm to Capral or the Australian industry as a whole.

## **C Factors unrelated to the GUC require careful examination**

As we think we have established above, there is no evidence that the Australian industry has suffered material injury during the POI, nor is there any evidence that the alleged injury was caused by dumped imports from Zhongya and Jiangsheng. We would also like to draw the Commission’s attention to some of the other factors which are likely to have had a substantial impact on Capral and the Australian industry’s performances overall.

### **1 Other exporters have been found or have been alleged to be responsible for injury**

In Report 362, the Commission summarised Capral’s claim as follows:

*In its application, Capral stated that it experienced ongoing material injury during the injury analysis period, due to the circumvention of anti-dumping measures, which were imposed in 2010, by PanAsia. Capral state that the circumvention activities were not addressed until an anti-circumvention inquiry was completed in February 2015, the year immediately preceding the investigation period. Capral claims that despite the positive outcome of the anti-circumvention inquiry, the state of the Australian industry has improved but has not recovered as expected in the investigation period, due to the emergence of dumped and subsidised imports from Malaysia and dumped imports from Vietnam.*

To further summarise, Capral's previous claims of injury were:

- Capral was injured by dumped and subsidised imports from China back in 2009;
- despite the imposition of duties, the injury continued, due to circumvention by PanAsia;
- the injury continued again after the anti-circumvention inquiry, by dumped and subsidised imports from Malaysia and Vietnam.

We see astoundingly similar statements in this investigation. Capral claims in its application as follows:

*Following the imposition of preliminary anti-dumping and countervailing measures on aluminium extrusions exported from China in 2009, it was Capral's expectation that it would recover from the injurious impacts of the Chinese exports. Investigation 362 confirmed that importers had shifted sources of supply to Malaysia and Vietnam at prices below China, to undercut the Australian industry's selling prices. This application confirms that importers have again sought-out new sources of supply – from the two Chinese exporters not currently the subject of measures, and new exporters of aluminium extrusions in Thailand.*

*The dumped exports from China and Thailand have restricted Capral's ability to recover from the injurious effects of dumping – originally from exports from China, followed by new sources of supply in Malaysia and Vietnam, and now from Chinese exporters not the subject of measures, and new exporters in Thailand.*

The problem of this repeated claim is that this time, and as shown above, the injurious imports from Malaysia, Vietnam and other Chinese exporters not subject to this investigation have all *continued and increased* – they have clearly not been removed by the investigation or the dumping duty imposed. Further, Capral has acknowledged this, by now prosecuting a broad-coverage anti-circumvention inquiry into aluminium extrusions exported from China via third countries. The anti-circumvention inquiry was initiated on 16 October 2017,<sup>8</sup> three days prior to the initiation of this investigation. The anti-circumvention inquiry covers goods imported from 1 January 2015 onwards, a period which predates and overlaps with the POI of this investigation.

Capral's application for the anti-circumvention inquiry states:

*Capral submits that the available evidence confirms that Chinese aluminium extrusions have been transhipped via countries including [country] and [country] to avoid the intended purposes of the anti-dumping and countervailing measures applied by the Minister. The circumvention activity (i.e. transshipment) is continuing the injury to the Australian industry that the measures are intended to prevent.<sup>9</sup> [underlining supplied]*

Therefore, Capral's current injury claim, for the POI, can be summarised as follows:

<sup>8</sup> See Anti-circumvention inquiry ADC 447.

<sup>9</sup> See Anti-circumvention inquiry, Doc No 001 Application – Australian Industry –Capral Limited – Circumvention Application, page 5.

- Capral was injured by dumped and subsidised imports from China back in 2009;
- despite the imposition of duties, the injury continued, due to circumvention by PanAsia;
- the injury continued again after the anti-circumvention inquiry, by dumped and subsidised imports from Malaysia and Vietnam;
- injury from dumped and subsidised imports from Malaysia and Vietnam has continued during the POI;
- injury from dumped and subsidised imports from other Chinese exporters has continued during the POI;
- further injury has been caused due to Chinese imports which may have circumvented the duty by way of trans-shipping from third countries during the POI.

The outcome of Report 362 implies that imports from Zhongya and Jiangsheng were not the cause of material injury to the Australian industry during the 2015/16 period, because the material injury was caused by dumped and subsidised imports from Malaysia and Vietnam. Since then, the Australian industry has further recovered, but injurious imports from Malaysia, Vietnam, and other Chinese exporters have continued, together with the circumvention goods from China via third countries.

It follows that, for the POI, any injury suffered by the Australian is even less attributable to imports from Zhongya and Jiangsheng, than it was attributable to those imports in Report 362.

## **2 Competition within the Australian industry is fierce**

Further, we draw the Commission's attention to Capral's continued attempts to paint a picture of injury causation as if the only competition in the Australian market for aluminium extrusion is that between Capral and the GUC in this investigation. This is clearly not the case. Indeed, amongst all sources of imports, Zhongya and Jiangsheng appear to pose the least threat or price competition to Capral. The same can be said for imports from Thailand, which would also have had very limited impact on Capral given their small volume. Conversely, Malaysian and Vietnamese imports have been in the market significant volumes and at low prices at all relevant times.

Just as importantly, the Commission is reminded that Capral is not the sole member of the Australian industry. There are at least eight other producers, including two who have not expressed support for Capral's application. These domestic producers compete in the same domestic like goods market as Capral. They compete with imported goods as well as amongst themselves in both volume and price terms. Accordingly, in so far as price-based and return on investment-based injury claims are concerned, the competition amongst Australian industry members is just as relevant as competition between Australian members and the imported goods.

To demonstrate the competitiveness of the Australian industry members, Darley notes that since 2010 the Australian industry has increased from 14 presses, dominated by Capral, to now 24 presses operated by nine producers. This expansion is in no small part due to the market and supply chain disturbance caused the imposition of dumping duty as requested by Capral back in 2011. Based on Darley's information, the number of presses operated by the Australian industry members are as follows:

- Almax Aluminium Pty Ltd [CONFIDENTIAL TEXT DELETED –number of presses]
- Aluminium Profiles Australia Pty Ltd [CONFIDENTIAL TEXT DELETED –number of presses]
- Aluminium Shapemakers Pty Ltd [CONFIDENTIAL TEXT DELETED –number of presses]
- Capral – [CONFIDENTIAL TEXT DELETED –number of presses]
- Extrusions Australia Pty Ltd – [CONFIDENTIAL TEXT DELETED –number of presses]

- G James Extrusion Co Pty Ltd – [CONFIDENTIAL TEXT DELETED –number of presses]
- Independent Extrusions Pty Ltd – [CONFIDENTIAL TEXT DELETED –number of presses]
- Olympic Aluminium Co Pty Ltd – [CONFIDENTIAL TEXT DELETED –number of presses]
- Ullrich Aluminium Pty Ltd – [CONFIDENTIAL TEXT DELETED –number of presses]

This indicates that strongly competitive conditions exist within the Australian industry, and that market entry is not being prevented by the allegedly dumped imports. At the same time, it is understandable that there will be fierce competition amongst the Australian industry members, and cannibalism of market shares, within such an industry structure. As an illustration of the fierce competition amongst the domestic producers, Darley notes the following examples of the heightened competition amongst domestic producers in recent years, since the original AD/CVD investigation against exports from China, based on its market intelligence:

- [CONFIDENTIAL TEXT DELETED – Australian industry members] have taken significant volume from Capral in recent years;
- in recent years, [CONFIDENTIAL TEXT DELETED – Australian industry member] has taken significant market volumes from Capral, including [CONFIDENTIAL TEXT DELETED – customer];
- Capral purchased OneSteel Aluminium and thereby replaced the supply of aluminium extrusions previously sold to OneSteel Aluminium by [CONFIDENTIAL TEXT DELETED – member] with Capral's own and imported aluminium extrusions;
- [CONFIDENTIAL TEXT DELETED – Australian industry member] secured a supply contract with [CONFIDENTIAL TEXT DELETED – customer], previously one of Capral's largest customers;
- [CONFIDENTIAL TEXT DELETED – Australian industry member] has taken the major part of the business of [CONFIDENTIAL TEXT DELETED – customer], previously a much larger Capral customer; and
- [CONFIDENTIAL TEXT DELETED – Australian industry member] formed a joint venture with [CONFIDENTIAL TEXT DELETED – Australian industry member] to produce extrusions for [CONFIDENTIAL TEXT DELETED – customer], previously one of the biggest customers of Capral.

The point is, when it comes to any price-based injury or issues concerning return on investment, neither Capral nor the Australian industry as a whole can claim that they are affected only by imported goods. The Australian aluminium extrusion market is a healthy and competitive market, with active participations from both domestically produced goods and imported goods. The imports from Zhongya, Jiangsheng and Thailand are not the cause of any injury to Capral or other industry members, even if they are able to demonstrate that they have suffered injury.

Capral's application attempts to present a complex multi-dimensional situation in a one-dimensional way, and is therefore inaccurate and unsophisticated in its approach. Our client asks the Commission to carefully examine Capral's injury causation claims by thoroughly considering all relevant market conditions.

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Darley urges the Commission to fully consider the dynamics of the Australian market for aluminium extrusions, and the various impacts on the Australian industry, based on positive evidence. A proper consideration will lead to the conclusion that any injury caused by the allegedly dumped imports from Zhongya, Jiangsheng and Thailand, if any, is negligible.

In closing, we respectfully submit that the Commission should be satisfied that there is insufficient evidence to arrive at a finding that the Australian industry is suffering material injury, or that alleged dumping of the GUC from Zhongya, Jiangsheng and Thailand has caused any such injury.

Darley urges the Commission to terminate the investigation at its earliest opportunity.

Yours sincerely

**Charles Zhan**  
Senior Associate

A handwritten signature in black ink, appearing to be 'C. Zhan', written over a thin horizontal line.