COCKBURN CEMENT

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Anti-Dumping Commission
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Public File

Dear Mr Jeyarajah

Investigation No. 348 – Quicklime exported from Malaysia, Thailand and Vietnam – Material injury to the Australian industry

I. Introduction

Cockburn Cement Limited ("Cockburn Cement") is the largest manufacturer of quicklime in Australia. In the 2015 investigation period, Cockburn Cement produced approximately xx million tonnes of the total Australian market of xxx million tonnes.

Both of Cockburn Cement's quicklime plants (Munster and Dongara) are located in regional areas in Western Australia, in close proximity to quicklime customers. Since 2010/11, however, imported quicklime has increased its presence on the Australian market – primarily in the Western Australian market where the large volume customers are located.

Cockburn Cement's application for anti-dumping measures on exports of quicklime from Malaysia, Thailand and Vietnam alleged that it had suffered material injury from the dumped exports since 2013 (i.e. in the 2014 and 2015 years). This assertion was supported in the application demonstrating declines in profit and profitability for all of Cockburn Cement's quicklime sales (including sales to the alumina segment of the market), with successive declines in 2014 and 2015. The decline in profit and profitability between 2013 and 2015 is 'material' and is expected to continue in 2016 as dumped exports continue to undercut Cockburn Cement's selling prices.

II. Material Injury

The Anti-Dumping Commission ("the Commission") has validated Cockburn Cement's profit and profitability over the period 2012 to 2015. Cockburn Cement's profit as per Confidential Appendix A6.1 is reflected in Table 1.

Table 1 – Quicklime $M profit (including by segment)

	2012	2013	2014	2015
Alumina				
Non-Alumina				
Total Quicklime				

Table 1 highlights the decline in Total Quicklime total profit in each of 2014 and 2015. The profit in quicklime non-alumina sales was more pronounced falling by xx per cent in 2013, and a further xx per cent in 2014 (remaining at this level in 2015) – refer Table 2. The profit reductions reflect an erosion of margin as selling price increases lagged behind rising costs.

Table 2 – Quicklime Profit Indices (including by segment)

	2012	2013	2014	2015
Alumina	100			
Non-Alumina	100			
Total Quicklime	100			

Cockburn Cement's quicklime profitability tracks the same declines apparent in profit (including for alumina and non-alumina). Refer Table 3 sourced from Cockburn Cement Confidential Appendix A6.1.

Table 3 – Total Quicklime Profitability Indices (including alumina and non-alumina)

	2012	2013	2014	2015
Total Quicklime	100	105.4	95.4	89.3

Table 3 confirms that the reduction in quicklime profitability for Cockburn Cement's total business was material in 2014 (xx percentage points) followed by a further xx per cent reduction in 2015. The decline in quicklime profitability is material and exceeds the normal ebb and flow of business trends.

Table 4 – Sales tonnes (including by segment)

	2012	2013	2014	2015
Alumina				
Non-Alumina:				
- Munster				
- Dongara				
Sub-Total				
Total Quicklime				

Cockburn Cement's total quicklime sales declined in 2014 to be xx per cent below the level of 2012. Volumes increased in 2015 – driven by increased non-alumina sales at reduced selling prices to protect market share – although remained xx per cent below 2012 levels.

The decline in sales volumes was most noticeable in the non-alumina segment. Sales in this segment were almost xx per cent lower in 2014 (when contrasted with 2013) and in 2015 were xx per cent below the 2012 levels. Unlike quicklime sales to the alumina segment of the market that are xx per cent higher in 2015 than 2012, the non-alumina sector is down by xx per cent. The reduced sales volumes and price suppression evident in sales to the non-alumina sector, are the key influencing factors contributing to a total profit and profitability decline in Cockburn Cement's quicklime business.

Cockburn Cement also highlights with the Commission the reduction in sales volumes produced at Dongara. Sales in 2014 were down substantially in 2014, with an improvement in 2015 (due to selling price reductions to secure market share) but still xx per cent below 2012 levels.

Cockburn Cement submits that had it not reduced selling prices in the non-alumina market segment in 2015 to compete with dumped prices, sales volumes would have been at the level of 2014, or lower.

<u>Material injury – conclusions</u>

The performance of Cockburn Cement's quicklime business has deteriorated since 2012. The injury experienced by the company has been in the form of reduced sales volumes, price suppression and reduced profit and profitability. Whilst this injury has occurred in the non-alumina segment of the market, it has translated into a material impact to Cockburn Cement's total quicklime business. The injury suffered since 2012 is 'material' as profit and profitability reductions since 2013 – totalling xxx per cent - have exceeded levels that would be considered typical for the normal ebb and flow of business. Cockburn Cement also contends that in the absence of the dumped exports from Malaysia, Thailand and Vietnam, Cockburn Cement would not have experienced the lost sales volumes and price suppression that have caused the deterioration in quicklime profit and profitability.

III. <u>Continued impact of dumped imports</u>

Cockburn Cement detailed examples of price undercutting resulting in lost sales at Section A-9.2 of its application. The lost sales volumes identified by Cockburn Cement reconciled with the dumped import volumes in 2015.

Cockburn Cement has recently been notified that it has lost sales of quicklime after a tender with [*company*]. The total quicklime supply lost was approximately xxxxxx tonnes per annum over a three year supply term. [*Company*] was awarded the supply. The [*company*] tender involved four operations, with three supplied from [*plant*] and the fourth from [*plant*] Cockburn Cement tendered at a significantly reduced selling price, however was unsuccessful with its tender and ceased supply in [*date*] (after supplying these operations for many years). Please see supporting information at Confidential Attachment 1 detailing the extent of the lost sales volume of xxxxx tonnes per annum and lost revenue of $xxx M per annum.

IV. <u>PAD and provisional measures</u>

The loss of the [*company*] business confirms the urgent need to impose anti-dumping measures to prevent additional lost sales volumes and price suppression that lead to further deteriorations in Cockburn Cement's profit and profitability.

Cockburn Cement continues to experience pricing pressures from the dumped exports of quicklime from Malaysia, Thailand and Vietnam (as evidenced in the recent Gold Fields Australia tender). The dumped exports have grown significantly since 2010/11, securing a foothold in the Australian quicklime market that exceeds 4 per cent of the total Australian market in 2015 (an increase from less than 1 per cent in 2010/11), and approximately 6 per cent of the larger Western Australian regional market.

A failure to immediately impose measures on the dumped and injurious exports from Malaysia, Thailand and Vietnam will likely result in further price undercutting, causing profit and profitability to decline even further. Cockburn Cement requests the Commission to publish a Preliminary Affirmative Determination ("PAD") and impose provisional measures to prevent further material injury to the Australian industry manufacturing quicklime.

If you have any questions concerning this submission, please do not hesitate either Mr Drew Elsbury on (08) 9411 1116 or Cockburn Cement's representative Mr John O'Connor on (07) 3342 1921.

Yours sincerely

Vince Valastro
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