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Mr Gavin Crooks
Case Manager
Operations 3
Anti-Dumping Commission
Level 35
55 Collins Street
Melbourne Victoria 3000

Email: Gavin.Crooks@adcommission.gov.au

Public File

Dear Mr Crooks

Re Investigation No. 362 – Submission by Aus Star Holdings Pty Ltd

Introduction

I refer to the submission by Star Holdings Pty Ltd ("Aus Star") dated 31 January 2017.

Capral Limited ("Capral") seeks to provide the Anti-Dumping Commission ("the Commission") with comments raised by Aus Star.

Australian industry

Consideration Report No. 362 indicated that the Commission would canvass other Australian manufacturers of aluminium extrusions to obtain information on local production and sales of the goods under investigation. Capral understands that the Commission is in receipt of information from other Australian manufacturers of aluminium extrusions.

Capral Results

Aus Star refers to Capral's 2016 half year results announced on 23 August 2016 that highlight an improved profit in the first half of the 2016 year. Aus Star then concludes "*over the investigation period ending June 2016, Capral must have achieved a substantial profit*".

The profit to which Aus Star refers reflects sales of all goods (both manufactured by Capral, and sourced from suppliers) during the reporting period. The goods the subject of the investigation are a narrower category of goods than Capral's total sales. It cannot be concluded from the results announcement that Capral has 'achieved a substantial profit' for the investigation period.

It is also noted that Aus Star has suggested that Capral has "*the ability to shift profits from its manufacturing operations to its downstream distribution business*". Capral rejects this assertion as unfounded and purely speculative. The Commission has access to Capral's costs for all sales of aluminium extrusions throughout the investigation period.

Industry capacity

Aus Star identifies a number of changes regarding domestic industry capacity. Most of these changes relate to periods outside the investigation period. Additionally they do not identify planned reductions in existing capacity that will be replaced by some of these investments.

G.James

- As per link provided in Aus Star submission the plan is for the two new presses to replace 4 existing presses and have a similar capacity

Inex

- As per website provided by Aus Star, the first press was installed in 2003 and commissioned in 2004 (prior to Inex ownership) and the second approvals granted in approx 2009 installed in 2010 and commissioned in 2011.

Ullrich

- The HEZ facility identified in Aus Star submission was commissioned and produced first metal in May 2009

Capral submits that there has only been a very limited increase to the Australian Domestic capacity during the investigation period.

Aus Star views the increase in capacity as demonstrating “confidence” in the Australian market. Capral, however, is of the view that with the limited increased capacity available from Australian producers, the impact of dumping (and subsidisation) is far more damaging and widespread to the Australian industry. There is an increased urgency for imports to be priced fairly.

Aus Star refers to the transfer of Capral sales to other Australian industry members that have increased production capacity. Capral has not claimed that it has suffered injury in the form of lost sales. Rather, injury to Capral has can be attributed to price suppression and price depression, linked directly to price undercutting from the dumped and subsidised exports from Malaysia and Vietnam.

Imports by Capral

Capral’s imports of aluminium extrusions account for approximately ████████ of the company’s total sales of aluminium extrusions. The imports from ████████ have been purchased under long-standing arrangements that were continued as a result of Capral’s purchase of the former OneSteel Aluminium business.

Price injury

Aus Star contends that Capral and other Australian industry members have not suffered price effect injury from dumped and subsidised imports of aluminium extrusions from Vietnam. Capral rejects this suggestion. Imports of aluminium extrusions from Vietnam are the lowest-priced goods in the Australian market and contribute to the largest undercutting margins experienced by Capral. The graphic extract in the Aus Star submission on price injury clearly demonstrates that Capral has experienced price depression in the investigation period. It also indicated that Capral continues to experience price suppression, as the selling prices are not above the fully absorbed cost to make and sell for the period.

Capral therefore totally rejects Aus Star’s claims that it is “inconceivable” for Capral to have experienced price injury during the investigation period.

Fair comparison

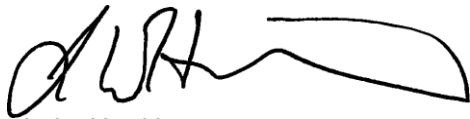
It is alleged by Aus Star that Capral has not, for the purposes of price undercutting, compared models of the imported goods with like models sold by Capral. In its price undercutting analysis, Capral has provided information relating to comparable models. Capral, therefore, stands by its price undercutting analysis as provided to the commission in its application and in subsequent submissions.

Conclusion

Aus Star's submission of 31 January 2017 contends that the Australian industry has not suffered injury from dumped and subsidised exports of aluminium extrusions from Vietnam. Capral rejects this suggestion. Capral has demonstrated that exports of aluminium extrusions from Vietnam have undercut Capral's selling prices for comparable models of goods, and at levels that may be considered significant. The price undercutting experienced from exports from Vietnam has contributed to reductions in selling prices, resulting in suppressed margins causing injury to Capral. Capral submits that this injury is material and anti-dumping and subsidy measures are necessary to remedy the injury experienced from the injurious exports.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 8222 0113 or Capral's representative Mr John O'Connor on (07) 3342 1921.

Yours sincerely

A handwritten signature in black ink, appearing to read 'LHAWKINS', with a long horizontal flourish extending to the right.

Luke Hawkins
General Manager – Supply and Industrial Solutions