

6 June 2018

Mr Tim King
Investigations 3
Anti-Dumping Commission
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Public File

Dear Mr King

Investigation No. 442 – Aluminium Extrusions exported from P R China and Thailand – Submission on behalf of Darley Aluminium of 25 May 2018

I. Introduction

By submission dated 25 May 2018, Darley Aluminium Trading Pty Ltd (“Darley”) that commented on pricing in the aluminium extrusions market, along with rebuttals concerning price undercutting as alleged by Capral Limited (“Capral”).

The Darley submission has raised a number of matters that Capral seeks to comment on.

II. Price undercutting

Darley’s representations are aimed at discrediting Capral’s causal link claims suggesting that the information provided by Capral “do not conclusively substantiate its claims” that Guandong Zhongya Aluminium Co., Ltd’s (“Zhongya”) exports undercut Capral’s selling prices. Capral monitors import competition and movements in the LME. The offers identified in Capral’s application are representative of the importer’s pricing offers in the Australian market at the time, and considered injurious to Capral’s market offers at the identified customers.

Darley seeks to justify its offers for supply on the grounds that customers seek alternative sources of supply. Capral is not challenging the second source of supply alternative – although it should not be on the basis of dumped and subsidised pricing.

III. Injury causation

Darley claims its comments in its 25 May 2018 submission its commentary will “*better inform the Commissionof Capral’s injury causation allegation*”. In the end-user market, Darley contends that a price offer from another Australian manufacturer during a particular month in the investigation period undercut Capral’s pricing. It would not be unusual for another Australian industry member to match pricing of the dumped (and subsidised) goods. Hence it would not be unusual for Capral’s price to be undercut at a point in time by another member of the Australian industry in response to the dumped and subsidised imports.

Darley has suggested that the distribution market is less price dependent than the end-user market. Whilst Capral agrees that the distribution market is more customer service and design focus, it still remains very sensitive to pricing. Darley again argues that it is not the cause of price undercutting (and price suppression) in the Australian market. Capral rejects Darley's assertions as certainly on a volume basis (i.e. number of quotations across the market) Darley is the most prominent importer of aluminium extrusions sourced from an exporter that supplies more than 25 per cent of the total import volume into Australia annually. Darley has gained significant share of the Australian market and Capral maintains its view that this is as a result of price undercutting and suppression.

Capral anticipates that the Commission will examine the information on pricing in the market on an independent basis and, will consider the activities in the lead up to the pricing offer (the pricing cited by Darley may not be the final offerings for imported product) to ensure a *complete* price negotiation process is taken into account.

Darley's comments about "fierce competition amongst Australian industry members" is not sustainable. If this were the case, Zhongya's exports (along with Jiangsheng's export volumes) would have fallen significantly in the face of "fierce" domestic competition. It cannot be considered conclusive that Darley is not the price setter because the importer itself claims this to be the case. The volume and veracity of price offers in the Australian market from Darley suggests otherwise.

IV. Conclusions

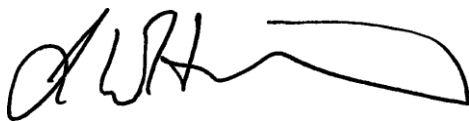
Darley's attempts to discount injury to the Australian industry and deflect the cause of the injury away from the dumped and subsidised exports from China and dumped exports from Thailand, cannot be accepted as it fails to take account of the broad coverage of the Darley offers for imported goods (sourced from Zhongya) throughout the investigation period.

Further, the suggestion that injury to the Australian industry can be attributed to 'fierce' internal competition amongst the Australian manufacturers is not supported by evidence. Imports from China and Thailand actually increased during the period of investigation.

Capral considers the Darley submission is an attempt to deflect the cause of injury experienced by the Australian industry to factors other than the dumping (and subsidisation) throughout the investigation period.

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



Luke Hawkins
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