

20 July 2023

The Director
Investigations Unit 4
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

Dear Director

Public File

**Reinvestigation No. 591 – Anti-Dumping Commission Preliminary Reinvestigation Report
- Submission by East Asia Aluminium**

Capral Limited (“Capral”) refers to the submission by East Asia Aluminium (EAA) commenting on the Anti-Dumping Commission’s (“the Commission”) Preliminary Reinvestigation Report (PRR) into certain findings in Report No. 591.

EAA has made representations in its submission about the *“lack of proper analysis and reasoning”* concerning the Commission’s reinvestigation findings. EAA argues that its exports *“accounted for a mere 2% share of the Australian market”* and that the Commission’s analysis to *“isolate the impact from exports from Chinese and Malaysian sources exempt from measures, and non-dumped Chinese sources subject to measures”* is *“inadequate”*.

We disagree with EAA’s assertions.

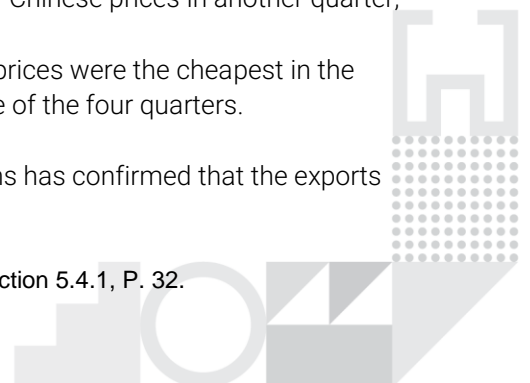
The Commission’s reinvestigation analysis re-affirmed that the Australian market for aluminium extrusions is a “price sensitive” market. The Commission confirmed that exports from Malaysia and Vietnam each accounted for approximately 2 per cent of the Australian market (or 4 per cent in total). By contrast, the share of the Australian market held by Chinese imports was approximately 20 per cent. However, upon further analysis, the Commission identified that “as much as 25% of each Australian industry’s sales volume” was impacted by importers sourcing the subject goods from Malaysia and/or Vietnam. The pervasive effect of the 2 per cent share of sales held by Malaysian and Vietnamese exports was therefore significant.

The Commission’s further price undercutting analysis¹ of the key MCC categories confirmed that:

- For the highest volume mill finish MCC sold, Malaysian direct prices were the cheapest in the market, followed by Vietnamese direct prices;
- For the highest volume powder coated MCC sold, Malaysian direct prices were the cheapest in the market. Chinese direct prices were the next cheapest, although Vietnamese direct prices were the cheapest in one of the four quarters and within 1% of Chinese prices in another quarter;
- For the highest volume anodised MCC sold, Malaysian direct prices were the cheapest in the market. Vietnamese direct prices were the next lowest in three of the four quarters.

The reinvestigation analysis that involved the correct level of trade comparisons has confirmed that the exports

¹ Refer Preliminary Reinvestigation Report into Certain Findings in Report No 591, Section 5.4.1, P. 32.



from Malaysia and Vietnam dominated as being the lowest prices in the Australian market. Based upon this corrected analysis, it is reasonable to conclude that exports from Malaysia and Vietnam that have accessed up to 25 per cent of the local industry's customer base would likely, in the absence of measures, continue to use the dominant price advantage to increase sales and market share at the cost of the Australian industry's sales and market share.

Capral further disagrees with EAA's contention that "*It is illogical to suggest that price is a primary and determinative factor in the purchasing decision of customers*". The Commission has confirmed that the Australian market for aluminium extrusions is "*price sensitive*" with a "*high degree of price transparency*" in the market. EAA's view is not supported by the Commission's findings concerning customer purchasing behaviours which confirmed²:

- the number of common customers obtaining supply from more than once source;
- evidence of common customers dual sourcing the same models in the same month from multiple suppliers;
- customers switching between suppliers, including some examples of customers potentially switching to a lower priced supplier;
- importers, at times, sourcing from multiple import sources, with some importers switching import sources in a likely response to the imposition of measures;
- a high degree of transparency in the market, with prices based on published movements in the LME and common customers considering pricing from multiple sources;
- a significant degree of price correlation in the market where common customers are purchasing similar models at similar levels of trade.

The Commission's reinvestigation analysis re-affirmed the price sensitive nature of the aluminium extrusions market with a high degree of price transparency. EAA's view that price is a primary determinative in the customer purchasing decision is not supported by the evidence.

Capral does not consider that the very broad assumptions of EAA as to the absence of a correlation between the price undercutting confirmed by the Commission and the dumping margins determined in Invest 591 can be relied upon in the absence of the actual evidence of the price undercutting cases for each of the MCCs as examined.

As indicated in Capral's submission in response to the PRR (dated 10 July 2023) the Commission's reinvestigation has confirmed the price undercutting evident from dumped exports from Malaysia and Vietnam during the investigation period in Invest 591. The expiration of the measures would afford exporters in Malaysia and Vietnam an advantage to continue price undercutting of Australian industry prices and increase sales volumes and market share at the expense of the Australian industry.

Capral reiterates the findings in the Commission's PRR that the expiration of the measures would lead to a reduction in import costs for importers sourcing goods from Malaysia and Vietnam and that this would be advantageous in a price sensitive market. Capral concurs with the Commission that the expiration of the measures would lead to a recurrence of, or a threat of, material injury to the Australian industry that the measures are intended to prevent.

EAA's claims that its export volumes to Australia are small and could not influence industry prices is not supported by the evidence. In a price transparent market, the influence of dumped imports on customer pricing is

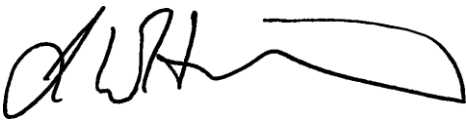
² PRR No. 591, Section 4.3.4, P.29.



significant. The Commission's proposed recommendation to the ADRP to continue the measures on exports of aluminium extrusions to Australia from Malaysia and Vietnam is welcomed by Capral.

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
General Manager – Supply and Industrial Solutions

