

31 March 2020

The Director
Investigations 3
Anti-Dumping Commission
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Melbourne Victoria 3001

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Public File Version

Dear Sir/Madam

Investigations 540 and 541 – Mill Finish and Surface Finish Aluminium Extrusions exported from Malaysia

I refer to the Anti-Dumping Commission's ("the Commission") Investigations 540 and 541 concerning mill finish and surface finish aluminium extrusions exported to Australia by certain exporters in Malaysia, namely Press Metal Sdn Bhd, Milleon Extruder Sdn Bhd, LB Aluminium Sdn Bhd, Kamco Aluminium Sdn Bhd, Superb Aluminium Industries Sdn Bhd, and Genesis Aluminium Industries Sdn Bhd.

The Commission recently conducted a verification visit with Capral Limited ("Capral") and examined injury experienced by Capral during the identified injury period. Capral believes that it is relevant to consider the impact of the dumped imports from the identified Malaysian exporters (and the imports from Malaysian and Vietnamese exporters the subject of measures which are at lower levels than measures applicable to Chinese exporters) on other economic factors as per Section 269TAE(3) of the *Customs Act*.

Capral has demonstrated to the Commission that it has experienced injury in respect of the following:

- (a) A decline in return on investment – particularly in the 2019 investigation period;
- (b) A reduction in capacity utilisation for aluminium extrusions (as sales volumes have declined);
- (c) A significant and material reduction in employment numbers – approximately 100 employees (permanent and casual have been made redundant);
- (d) A high level of inventories is evident.

Capral has also sought to reduce costs so that it can be competitive with import competition. During 2019 Capral has closed one powder coating line and one anodised coating line – resulting a [number] per cent overall reduction in Capral's powder coating production capability.

The decision to close the powder coating line and the anodised line is due to the reduction in sales for powder coated extrusions by [number] per cent and for anodised goods by [number] per cent, since 2016. Capral could not continue to operate these lines at reduced volumes with full-time manning levels. The closure of the lines is anticipated to save approximately \$[value] M annually in variable cost and a further \$[value] M in fixed costs due to the under-recovery that was occurring on these assets.

Capral also seeks to highlight with the Commission that at Bremer Park, its largest production facility, it currently only has [number] shifts operating out of a possible [number] shifts, across [number] extrusion presses. The [name] line (an [number]-inch press) is operational with only [number] the [name] press (a [number]-inch press) is [utilisation], the [name] press (a [number]-inch press) is operating [number] shifts, and the [name] press (an [number]-inch press) is also operating [number] shifts. There exists underutilised capacity of [number] shifts across the Bremer Park site. Capral's production at [location] is

also under-utilised. Please refer to Confidential Attachment 1 for a breakdown of capacity by plant across Capral's manufacturing network. This document also details the calculations for production capacity in Confidential Appendix A7 to Capral's application for anti-dumping measures for mill finish and surface coated aluminium extrusions.

Capral has demonstrated to the Commission that it has experienced injury through a range of indicators other than price, volume and profit-effect injury. These indicators include:

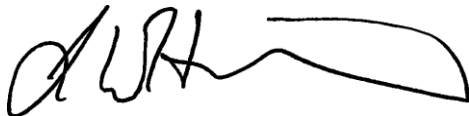
- reduced return on investment;
- reduced capacity utilisation;
- reduction in finishing production capacity;
- reduction in employment;
- maintaining high inventories; and
- reduced attractiveness to reinvest due to negative ROI.

Capral has undertaken a range of self-help initiatives to take costs out of the business to ensure its competitiveness – including reduction in finishing capability, [capacity management]of extrusion presses and reduction of production shifts.

Capral has experienced further injury that it can attribute to the dumped exports from Malaysia that has impacted the "other economic factors" as referenced in Section 269TAE(3) of the *Customs Act*.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 8222 0113.

Yours sincerely



Luke Hawkins
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