

23 December 2020

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Investigations 3
Anti-Dumping Commission
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Public File

Dear Mr Crooks

Investigations No. 540 and 541 – Statement of Essential Facts – Capral Limited Response

I. Background

I refer to Statement of Essential Facts No 540 and 541 concerning the export from Malaysia to Australia of aluminium extrusions by certain Malaysian exporters (i.e. “subject exporters”) including:

- Press Metal Sdn Bhd (PMB);
- Milleon Extruder Sdn Bhd (Milleon);
- LB Aluminium Sdn Bhd (LB Aluminium);
- Kamco Aluminium Sdn Bhd (Kamco);
- Superb Aluminium Industries Sdn Bhd (Superb); and
- Genesis Aluminium Industries Sdn Bhd (Genesis).

Capral Limited (“Capral”) welcomes the Anti-Dumping Commission’s (“the Commission) preliminary findings that have confirmed that the exporters margins of dumping over the 2019 investigation period were:

Exporter	Invest 540	Invest 541
PMB	3.3 %	6.9%
Milleon	13.1%	6.1%
LB Aluminium	4.9%	2.6%
Superb	0.2%	12.8%
Kamco	13.2%	18.5%
Genesis	n/a	-6.1%

The Commission has further determined that the dumping had caused material injury to the Australian industry manufacturing aluminium extrusions. Consequently, the Commissioner has published a Preliminary Affirmative Determination (“PAD”) imposing provisional measures at the rates of dumping margin identified (except for exports to Australia by Genesis, and for mill finish aluminium extrusions exported by Superb). Capral agrees with the Commissioner’s finding that PMB is considered to no longer be an exporter of the subject goods.

Capral urges the Commissioner to recommend to the Minister for Industry, Science and Technology (“the Minister”) that anti-dumping measures be imposed on the Malaysian exporters as proposed in SEF’s 540 and 541.

II. Investigations 540 and 541 – specific exporter treatment

Investigation 540 involves the export of mill finish aluminium extrusions to Australia. Investigation 541 is in respect of powder coated and anodised (i.e. coated) aluminium extrusions exported to Australia.

The distinction between the products subject of the respective investigations is important as this defines the goods categorically into the respective investigations and permits the Commission to examine the level of dumping occurring in the two categories.

Capral acknowledges that Genesis did not export mill finish aluminium extrusions to Australia during the investigation period. In respect of coated products, the Commission has concluded that Genesis’ exports during the investigation were not at dumped prices.

Capral concurs with the Commission’s treatment of exports to Australia by PMB. PMB produced and exported subject goods to Australia up until the sale of the PMB production assets to an affiliated party. The exported goods from 1 January 2019 until 22 November 2019 are covered by Investigations 540 and 541. Goods exported to Australia other than by PMB post 22 November 2019 are the subject of measures (to which review Investigation No. 544 applies).

Capral has provided a submission (EPR Document 042 Invest 540 and EPR Document 047 Invest 541) concerning Kamco’s assertions that it should not be categorised as a “non co-operative exporter”. Capral considers that the Commission’s stance is reasonable.

Capral has also provided submissions in respect of representations made by Milleon (EPR Documents 029 and 030, Invest 540, EPR Documents 034, 035, and 040 Invest 541) concerning requests for adjustments to normal values. Capral refers the Commission to the identified correspondence concerning Milleon’s claims.

III. Adjustments to normal value

Capral notes that the Commission has adjusted normal values for the subject Malaysian exporters for domestic and export packaging costs (the latter being higher than the former). In most instances the export packaging cost includes the charges associated with crates and trolleys for the exported goods.

In Investigation 544 the Commission made an adjustment to Alumac Industries Sdn Bhd “Alumac” normal value for fumigation costs on the exported goods. Capral considers that all Malaysian exporters would incur fumigation costs for the goods exported to Australia in Investigations 540 and 541. Capral requests the Commission to examine whether fumigation costs have been included in all of the subject exporter’s adjustments to normal value.

IV. Causal link and Material injury to the Australian industry

The Commission has verified that the Australian industry has experienced a deterioration in its economic performance during the investigation period as demonstrated by the following indicators:

- reduced sales volume;
- reduced market share;
- price suppression;
- price depression;
- reduced profit and profitability;
- reduced revenue;
- reduced return on sales (ROS);
- reduced capacity utilisation;
- reduced employment numbers; and
- reduced wages.

Capral concurs with the Commission's findings that it has suffered material injury during the investigation period. It was Capral's experience that the exports of mill finish and coated aluminium extrusions during the investigation period were the lowest priced imports that undercut its selling prices. This is confirmed by the Commission's findings that:

- exports volumes of the subject goods to Australia increased significantly in 2018 and again in the investigation period for mill finish product and were constant from 2017 to 2019 for coated product;
- the selling prices for the imports from the subject exporters were the lowest prices in the market;
- imports of mill finish goods from the subject exporters undercut Capral's selling prices by up to 20 per cent in the investigation period;
- imports of coated products from the subject exporters undercut Capral's selling prices by up to 24 per cent in the investigation period;
- imports of goods from countries the subject of the measures were priced above the imports from the subject exporters; and
- imports from the subject exporters were the third largest source of goods over the period 2017 to 2019, demonstrating the pricing impact from the dumping was influential.

Capral agrees with the Commission that in the absence of the dumped exports from Malaysia by the subject exporters, Capral would have been able to achieve a higher price (i.e. 'but for' the dumping by the Malaysian exporters). The dumping – by margins that are not insignificant – resulted in lost sales volumes, reduced selling prices, price suppression and reductions in Capral's profit and profitability. The loss of profit and profitability was material and could be attributed to the dumping by the subject Malaysian exporters.

V. Threat of material injury

Exports of aluminium extrusions to Australia were previously investigated by the Commission in Investigation 362. In that investigation the Commission found that certain exporters had not exported at dumped prices. However, following the imposition of measures on the remaining Malaysian exporters, the subject exporters were able to continue to supply mill finish and coated aluminium extrusions into the Australian market unfettered by anti-dumping measures.

In Investigations 540 and 541, the Commission has confirmed that the subject exporters (with the exception of Superb in mill finish, and all exports by Genesis) have sold at prices that undercut all other exporters into the Australian market, resulting in material injury to the Australian industry.

Capral agrees with the Commission's findings:

*“The increasing trend in export volumes over the injury analysis period may also be indicative that, **being the lowest priced in the market, the dumped goods are increasingly preferred over those sold by other more expensive suppliers.** Therefore, the subject Malaysian exporters may be incentivised to continue selling their goods at dumped prices at the lower end of the price range within the market.” (emphasis added).*

The dumped exports by the subject Malaysian exporters represent a significant ongoing threat of material injury to the Australian industry, through price undercutting resulting in reduced selling prices, reduced profit and profitability. Anti-dumping measures are required to stem the flow of material injury caused by the dumping from the subject exporters, and enable the Australian industry to recover from depressed and suppressed prices. In the absence of anti-dumping measures it is considered that the dumping from the subject exporters would continue and the Australian industry would suffer ongoing injury that is material.

VI. Non-injurious price

Capral supports the Commission's proposed recommendation to the Minister that the non-injurious price (“NIP”) be established at the same level as the normal value for each of the subject Malaysian exporters.

VII. Form of measures

The Commission is proposing that the form of measure to be applied to the Malaysian exporters found to be dumping in SEF 540 and 541 be based upon the combination method. The Commission considers that as the goods are 'relatively homogenous', and because pricing is established on essentially the same formulae basis, pricing variations 'are likely to be minimal'.

Capral agrees with the Commission's recommended form of measure as this form of measure is the least likely form of measure to be circumvented by exporters (and is the most effective of delivering on the intended remedy).

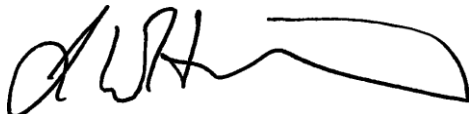
VIII. Conclusion and recommendations

Capral welcomes the Commission's preliminary findings concerning the export of mill finish and coated aluminium extrusions exported to Australia from Malaysia by the subject exporters. Capral further supports the publication of the PAD and imposition of provisional measures to arrest the material injury caused by the dumped and injurious exports of mill finish and coated aluminium extrusions from Malaysia.

Capral requests the Commissioner to recommend to the Minister that anti-dumping measures are required to prevent further material injury to the Australian industry manufacturing like goods. As such, Capral supports a recommendation to the Minister publish a dumping duty notice in accordance with subsections 269TG(1) and 269TG(2) of the Customs Act in respect of the subject Malaysian exporters (except for all exports by Genesis, and mill finish exports by Superb).

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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