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Public File

Dear Ms Yang

Investigation 542 – Letter from Guangdong Jiangsheng Aluminium Co., Ltd

I refer to the letter from Guangdong Jiangsheng Aluminium Co., Ltd (“Jiangsheng”) dated 8 September 2020. The letter contains a number of matters requiring a response by Aluminium Shapemakers Pty Ltd (“Alushapes”).

(i) Alushapes production capability

Alushapes notes the disparaging comments concerning its supply of flyscreen frame to a domestic (redacted name) customer. Alushapes has consistently maintained a high quality associated with its production and strongly disputes the unsupported claim concerning its production. Jiangsheng’s assertions must be disregarded.

The Anti-Dumping Commission (“the Commission”) is aware that Alushapes production of micro-extrusions is predominantly in respect of flyscreen profiles (which lie within the hollow micro-extrusion category less than 0.2kg/m in length). AluShapes was established in 1998 as a specialist small extrusion supplier in Australia with its unique 6-inch indirect press. In 2011, AluShapes invested in a 7-inch direct press which was specified with the specialised capability for producing micro-extrusions (as well as larger extrusions up to 220mm cc). This press capability coupled with AluShapes’ micro-profile die design expertise and specialised small extrusion handling capability, supported AluShapes in becoming the only Australian extruder to commercially promote this micro-extrusion capability to this day. It is unlikely that other Australian extruders, (even those with multiple presses), have this unique combination of specialised equipment, dies and expertise for micro-extrusion production.

(ii) Allocation of production costs

Jiangsheng has made certain claims concerning the cost of production of micro-extrusions using multi-hole dies. It is quite clear that Jiangsheng is underplaying the specialised nature of micro-extrusion production which is considered both a gross generalisation and oversimplification of the micro-extrusion production process. By its own admission, Jiangsheng prefers to use its 690t presses as they are more suited to micro-extrusion production in their 19 press facilities in China. Owing to AluShapes’ specialised specification of its 1800T press and special die technology, it does not experience the problems of rougher surface and inconsistent wall thickness. Inconsistent wall thickness occurs only when the die is at the end of its normal life expectancy and must be replaced, which is normal in all extrusion manufacture. Only by agreement with a customer would small quantities of out of tolerance wall thickness flyscreen profile be supplied (very

rarely) to fulfil an urgent order which cannot wait for a new die to be made – however only with the prior agreement from the customer.

Alushapes therefore rejects the redacted comments attributed to a customer of AluShapes. At best these comments are unsupported assertions. The only reason, as has often been repeated over the years by AluShapes' customers, for not purchasing more powder coated flyscreen product from AluShapes, is price compared with the dumped equivalent product from China.

It is important also to note that AluShapes' main flyscreen profile customer in Australia, has been supplied regularly by AluShapes for over [period] in significantly larger quantities without a single quality complaint. Indeed, this customer no longer sources flyscreen profile from offshore.

The cost of production and supply of this product to Australia from China must fully consider the sum of the costs of extrusion **PLUS** associated powder coating costs in Jiangsheng's normal value. Additionally, a landed cost into store price in Australia must reflect the cost of freight, plus unloading expenses, and costs in transporting from wharf to store, etc.

The Jiangsheng letters of 24th August and 8th September refer only to the extrusion process, not to the equally under-priced powder coating costs and the likely cross-subsidised cost of freight (by larger, commodity aluminium extrusions manufactured by Jiangsheng). The dumping margin is the sum of the under-pricing resulting from each of these stages – extrusion, powder coating and freight. The Jiangsheng letter of 8th September contradicts its letter of 24th August which asserts that "*JS Aluminium certainly does not distinguish between the nominated 'micro-extrusions' and any other type of aluminium extrusion*". While it is standard to apply multiple cavities to dies for the extrusion of smaller profiles, there is a clear and logical limit of the thinness of the wall thickness that can be extruded, irrespective of the number of cavities in the die. The closer this physical thinness limit is approached (e.g. with flyscreen profiles) the slower the extrusion speed and the more prone the extrusion is to higher process rejections, another factor contributing to the higher costs of production of micro-extrusions as defined in Alushapes' anti-dumping application.

(iii) Production lines

Jiangsheng is aware that a 7-inch press is not a large extrusion press. JS will likely operate 8-inch, 9-inch, 10-inch and 12-inch presses to run larger profiles most efficiently. The smaller presses must be examined to determine the accurate cost-to-make-and-sell the exported micro-extrusions supplied to the Australian market.

(iv) Limited production range

Since the mid-2000s, all other Australian extruders have opted out of commercial production of hollow micro-extrusions (less than 0.2kg/m of length), except under sufferance and un-economically in small quantities. In most cases, they or their associates import the dumped micro-extrusion range rather than manufacturing them unprofitably in Australia.

Also, contrary to Jinagsheng's assertion, there is obvious size range specialisation across the Australian extrusion manufacturing industry. This specialisation shows itself both at the small size end of the extrusion range (AluShapes) and at the large end (*viz producer names*). The more profitable high volume of extrusion in the middle size range is populated by all extruders. It is this middle range of imported extrusion that cross-subsidises the price of the dumped micro-extrusions.

I welcome any questions you may have in respect of the above clarifying comments. Please do not hesitate to contact me if you wish to discuss this matter further on 0412 291 552.

Yours sincerely



Wolf Breit
Managing Director