

## Classic Blinds' response to Capral document dated 7 April 2020

The Director

Investigations 3

Anti-Dumping Commission

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### Investigation Periods

Capral claim that Classic Blinds have mislead information in this investigation. This is incorrect, Capral has completely missed the 'point' of the document. Classic Blinds has referenced old data creating a link that Capral increased profit and profitability and yet still claim they are impacted by Chinese imported products in the same time frame and subsequently pushed for further investigations and measures to be imposed. When in fact, they were more profitable with the current measures in place, comparing years (2016 -2017). Please refer Report 482 Figure 5.

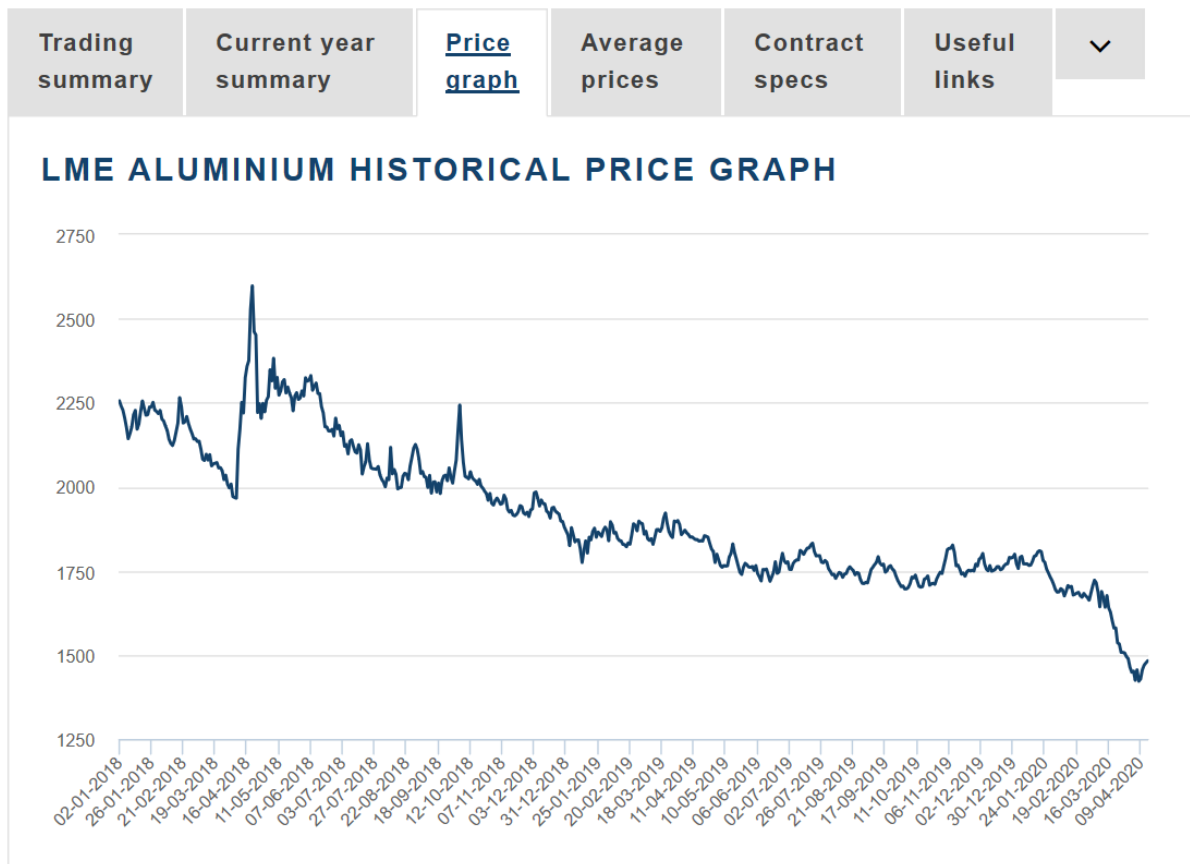
Again, Capral claim further deterioration in profits without any substantial evidence. In reference to Capral's sales in their last public report, Annual Report 2018, they define an actual increase in sales from the previous period 2017 of over AUD \$6M. Their profitability dropped, but this can be attributed to many factors, most of them being internal and not sales related. Refer to extract below.

		2018	2017
CONTINUING OPERATIONS	Note	\$'000	\$'000
Sales revenue		421,576	415,268
Scrap and other revenue	3	33,531	33,412
<b>Revenue</b>		<b>455,107</b>	448,680
Other income	3	470	500
Raw materials and consumables used		(284,039)	(268,645)
Employee benefits expense	2	(89,833)	(90,867)
Depreciation and amortisation expense	2	(5,620)	(5,845)
Finance costs	2	(1,081)	(972)
Freight expense		(12,050)	(11,523)
Occupancy costs	2	(19,403)	(20,240)
Repairs and maintenance expense		(6,952)	(7,152)
Restructuring costs	2	(29)	(192)
Other expenses		(30,155)	(31,659)
<b>Profit before tax</b>		<b>6,415</b>	12,085
Income tax	4	-	-
<b>Profit for the year</b>		<b>6,415</b>	12,085

## Local manufacture

Capral has rebuffed Classic Blinds' claim that Capral has not provided Classic Blinds an effective level of service locally. This can be proven with an AUD \$15,000 credit note provided by Capral in 2017 to Classic Blinds for material delivered not to specification, appendix 1. This is proof of Capral's failure to local minor customers. When LME for aluminium decreased significantly in 2018 for an extended period, Capral did not approach Classic Blinds to provide revised pricing, leveraging off the reduced costings of raw aluminium.

As you can see below LME pricing trend for raw aluminium has continued to drop from 1/6/2018 – to an all-time low on 08/04/2020. This should lead to local procurement costs dropping for the end user and the manufacturer.



## Reference

<https://www.lme.com/Metals/Non-ferrous/Aluminium#tabIndex=2>

## Public Interest Provision

Capral's response to Classic Blinds' submission fails to make a connection to the point made by Classic Blinds, that the current system fails to consider the effect that the imposed taxation will have on the public (end user) business or operations, nor allow any formal recourse on this. Capral in their submission, 543-001 paragraph 4i bullet point, used the reference of other countries imposing aluminium exports on china, suggesting this is common practice, although as per Classic Blinds'

submission, they fail to reveal a large difference in the imposing countries processes and protocols. Refer extract below from Canada anti-dumping guide.

#### H. PUBLIC INTEREST INQUIRIES

SIMA also provides that the Tribunal has a public interest advisory function. Where the Tribunal is of the opinion that the imposition, in whole or in part, of anti-dumping duties would not or might not be in the public interest, the Tribunal is obliged to report this opinion to the Minister of Finance and cause a copy of its report to be published in the Canada Gazette 68. Where any person makes a request to the Tribunal for an opportunity to make representations on the report, the Tribunal is obliged to afford such person an opportunity to make representations orally, in writing, or both, as the Tribunal directs 69. If the Minister of Finance accepts the opinion of the Tribunal, he or she may recommend remission of all or part of the duties. Under SIMA, the Tribunal itself has no power to remit such duties.

Reference [https://mcmillan.ca/Files/antidumping\\_guide.pdf](https://mcmillan.ca/Files/antidumping_guide.pdf)

Such a system allows more stakeholder's involvement and input, therefore informing, with due diligence, the impacts faced. The process of the current lesser duty rule suggested by Capral is less than adequate.

#### Prima Facie Evidence

Classic Blinds again rejects the computation efforts by Capral and further by the Anti-Dumping Commission on trying to calculate imposed taxation % per supplier and still stands by this comment.

High level issues are:

1. Unable to define GOC and SOE benefit for each supplier as there is little or no data;
2. LME continues to drop FY 1/2 by FY 1/2, year on year;
3. Strategic sourcing efforts by each aluminium extrusion producer, purchasing raw material 6, 12 or 18 months in advance; and
4. Unable to determine local transportation costs per supplier, for raw material and finished goods.

This leads to an inability to calculate local costs in China and subsequently this cannot be accurately promulgated to calculate a percentage of tax per supplier. This is addressed in Classic Blinds' submission dated March 13, 2020.

#### LME Movements

The information provided by Classic Blinds demonstrates that the Capral data is inaccurate, discrediting the Capral data. This is backed up with evidence.

Extract from Classic Blinds' Report

*'Capral's data (Report 543 (ii) has defined that the Chinese suppliers had not reflected an increase of LME pricing during the review period of Report 482, but as you can see below the LME for aluminium was in a period of decline during the review period. This fact alone proves the existence of erroneous data provided by Capral. This shows that Capral creates a false 'injury' period where in fact prices are dropping due to a decrease in LME across the board'.*

Capral claim in Report 482 that LME was increasing while it was actual decreasing and hence the price drops given by importers to local Australian customers.

### Government of China Subsidies

The current system lacks transparency and fails to consider end users/public interest. Further, the Commission refuses to provide transparency to end users and members of Parliament. This leads to an unfair system, when the purpose should be to ensure that GOC does not create a monopoly of the global aluminium market. Whilst this an important strategy, the current process fails in these areas:

1. Lack of public interest test;
2. Failure to provide any transparency on how individual measures per supplier are imposed, nor provide a solid transparent process on how the measures are calculated; and
3. Measures introduced with a 12-month period of effectiveness do not align to strategic sourcing models used by end users.

### Conclusions

Classic Blinds still claim that the current system is deficient. How does Capral know about all the “relevant information” available to the Commission? As the Commission will not provide this information to the end user, nor a Minister of Parliament, Classic Blinds invites Capral to share this information.

Classic Blinds fully rebuff Capral’s comments that Classic Blinds’ comments are reflective. The document defines references and other reports and is not reflective. Also, this document contains references and data, unlike Capral’s recent submission.

### Ross Stringer

#### Classic Blinds’ and Shutters

### References

#### A Guide to the Canadian Anti-Dumping System by Bill Hearn

[https://mcmillan.ca/Files/antidumping\\_guide.pdf](https://mcmillan.ca/Files/antidumping_guide.pdf)

#### Capral Limited 2018 Annual Report ABN 78004213692

<https://www.capral.com.au/wordpress/wp-content/uploads/2019/04/Annual-Report-2018.pdf>

#### Refutation of the Continuation of Dumping Measures Ref 543 By Ross Stringer 13<sup>th</sup> March 2020.

#### London Metal exchange

<https://www.lme.com/Metals/Non-ferrous/Aluminium#tabIndex=2>

### Appendix

1. Credit Note from Capral Aluminium limited.