Classic Blinds response to SEF 543, Statement of Essential Facts

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Company: Classic Blinds and Shutters

50 Munibung Road

Cardiff, NSW 2285

Authored by: Ross Stringer

Inconclusive qualitative analysis

Can the ADC please explain how in Report 543 6.4.3.2 it specifies that on thorough investigation and data gathering using referenced sources the ADC found:

"In terms of price undercutting, the Commission observed that:

- for anodised and powder coated products, all exporters had undercut Australian industry prices in all quarters of the inquiry period, with annual levels of undercutting ranging from 26 to 41 per cent over the entire inquiry period; and
- for mill finished products, price undercutting was not evident for all exporters in all quarters of the inquiry period, however all exporters had engaged in price undercutting during at least one quarter of the inquiry period, with an annual level of undercutting of up to 17 per cent over the entire inquiry period."

(Australian Government, 2020)

This analysis defines that the maximum level of undercutting a Chinese supplier has imposed in the Australian market is 41%. If the ADC is using this information to make calculations, then why would the ADC impose a 71.2% dumping margin on Pan Asia? This strategy is not aligned to the ADC's own investigative information, core values and strategy.

(Australian Government Department of Industry, Science,Energy and Resources, 2020)

The aggressive tactic seems to focus on impacting Pan Asia business and customers rather than providing a level and competitive aluminium marketplace in Australia.

The impacts from this aggressive strategy on Pan Asia's customers is profound. The last dumping margin imposed on Pan Asia from SEF 482 was 55.2%. This led to increased cost to Classic Blinds which impacted the ability of the business to remain competitive in the market.

Whilst it could be observed that Classic Blinds could change suppliers, this strategy is exceptionally time consuming and not productive due to the poor consistency of material from Chinese suppliers. This has been addressed and quantified in Classic Blinds' previous submissions.

Graphs are a visual representation of data. It seems peculiar that data provided in Report 482-063 is different to data provided in 543-052. You can see that from Report 482-063 Figure 5 defines a large increase of Capral's profitability from 2016 to 2018. Conversely, the graph 543-052 Figure 7 shows a steady decline in Australian industry profitability. Its noted that the subtle differences define Capral vs Australian industry. But as per Report 543-052 Para 4.2 no other Australian entries provided financial information. Therefore, the information provided in Figure 7, has come from Capral respectively as defined by the ADC in report 543-052. In conclusion the Figure 7 graph shows a decline of profitability 2016-2019, whilst in Figure 5 an increase in profitability 2017-2018. This again brings the conclusion that the data supplied and documented in the reports is less than conclusive.

(Australian Government, 2020) (Australian Government, 2020)

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Figure 5 - Capral's profit and profitability

As illustrated in figure 5, Capral was profitable in the final two years of the injury analysis period, with an improvement in performance in the review period.

(Australian Government, 2020)

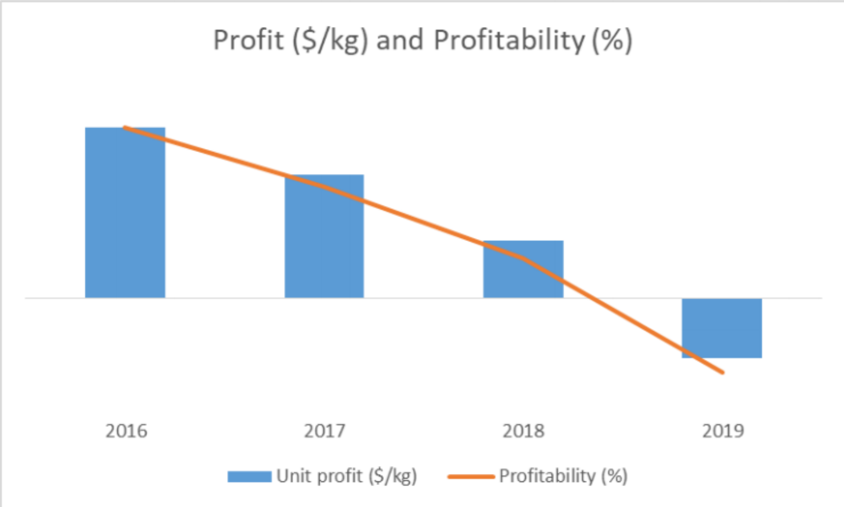

Figure 7 Australian industry's profit and profitability since 2016

Australian industry experienced a decline in unit profit margin and profitability in each year throughout the period of analysis, with the most pronounced decline in 2019.

(Australian Government, 2020)

Conflicting data and Lack of visibility

In reference to Figure 1, Report 543_052 defines that the Australian market is increasing and noted much of this data was provided by Capral. Although Capral's data defines that the extrusion market is contracting, refer page 11 2019 Half Year Report (Capral Aluminium , 2019).

By their own admission, the ADC defines it cannot reasonably identify an advantage or disadvantage of local manufacture in China, due to its inability to calculate local China manufacturing costs. Therefore, the ADC has assumed a stance in 'making an adjustment' to submitted company pricing data, although it cannot define how much assistance the GOC is giving Chinese companies. Without the data above, in both incidences, it is very reasonable to be wary of how much 'adjustment' is assigned to each company. Please could this data be made public?

How can the ADC define 'confidential data of companies' in its reason for not making these calculations public, when in fact the Commissioner is making 'adjustments' to companies data to calculate local pricing. Refer Report SEF 543-052 para 6.5.4. As this adjustment is not confidential company data, please could the ADC let interested parties and end customers, know what this adjustment value is per company and the 'local' costs 'assigned' to each company investigated?

(Australian Government, 2020)

Fair play and are we in it together?

With no apparent logic behind the massive increase to Pan Asia's dumping margin, even though the ADC data defines no company has undercut the Australian market by more than 41%, and considering Pan Asia is currently on a 55.7% dumping margin, the strategy seems to be strangely unfair. COVID-19 is making a strong comeback in Australia and more businesses are dealing with economic stress. They are currently finding market conditions challenging and with this unfair burden put on downstream businesses, you have to really ask, is the ADC really helping? Or is it aligned too much with an Australian company who uses the ADC's underlying strategy to strangle competitors in the marketplace? As referred to in Box 4.4, Productivity Commission Inquiry report No 48, 2009.

Classic Blinds employ over 50 staff working to keep Australian jobs in Australia, but finds the recent dumping margin proposed an impossible challenge when dealing with effective cost of goods sold (COG's) pressure and a challenging marketplace environment.

If the ADC considers Pan Asia to be the company undercutting the marketplace by the maximum figure, then the dumping margin should be aligned to the ADC's own data of 41%.

(Productivity Commission Inquiry Report, 2009)

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