



Australian Government
**Department of Industry, Science,
Energy and Resources**

**Anti-Dumping
Commission**

Australian Industry Questionnaire

Product: Aluminium Extrusions

From: Malaysian and The Socialist Republic of Vietnam (Vietnam)

Inquiry Period: 1 July 2020 to 30 June 2021

Response due by: 22 October 2021

Important note: The timeliness of your response is important. Please refer below for more information.

Case manager: Ben Merlin

Phone: 03 8539 2408

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E-mail: investigations1@adcommission.gov.au

Anti-Dumping Commission website: www.adcommission.gov.au

Return completed questionnaire to: investigations1@adcommission.gov.au

OR

Anti-Dumping Commission
GPO 2013
Canberra ACT 2601
Australia

DECLARATION

I believe that the information contained in this response is complete and correct.

Signature:  [Redacted]

Name: Luke Hawkins [Redacted]

Position: General Manager, Supply and Industrial Solutions [Redacted]

Company: Capral Limited [Redacted]

ABN: 78 004 213 692 [Redacted]

Date: 22 October 2021 [Redacted]

A-1 Identity and communication.

Please nominate a person in your company for contact about the application:

Contact Name:	Luke Hawkins
Company and position:	General Manager, Supply and Industrial Solutions
Address:	Level 4, 60 Phillips Street, Parramatta NSW 2150
Telephone:	+61 2 8222 0113
Facsimile:	+61 2 8222 0130
E-mail address:	Luke.hawkins@capral.com.au
ABN:	78 004 213 692

Alternative contact

Name:	
Position in company:	
Address:	
Telephone:	
Facsimile:	
E-mail address:	

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

Name:	John O'Connor
Business name:	John O'Connor & Associates
Address:	P.O. Box 329, COORPAROO, QLD, 4151
Telephone:	+61 7 3342 1921
Facsimile:	+61 7 3342 1931
E-mail address:	jmoconnor@optusnet.com.au
ABN:	39 098 650 241

A-2 Company information.

- 1. State the legal name of your business and its type (e.g. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of the investigation.**

Capral Limited (“Capral”) is a publicly listed company on the Australian Securities Exchange (ASX Code: CAA). Capral manufactures and sells aluminium extrusions and other semi-finished, non-ferrous products under its company name.

Capral is a major extruder and distributor of aluminium products. The manufacturing business produces extrusion products at five sites at Bremer Park (Qld), Penrith (NSW), Campbellfield (Vic), Angaston (SA) and Canning Vale (WA).

Capral operates eight major distribution centres and ten ‘Capral Aluminium Centres’ across all States and the Northern Territory. The distribution business supplies aluminium extrusion products and related components to residential and commercial construction markets, as well as to industrial fabrication and manufacturing markets. Capral also distributes a range of rolled aluminium products and hardware products that are complimentary to its aluminium extrusion products.

- 2. Provide your company’s internal organisation chart. Describe the functions performed by each group within the organisation.**

Capral has included a copy of its internal organisation chart at Confidential Attachment A-2.2.

- 3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.**

As a listed company Capral’s shareholders change, below are the details of substantial shareholders (as notified to Capral) as at 28th February 2021:

Rank	Name	Units	Units (%)
1	HSBC Custody Nominees (Australia) Limited	3,199,169	19.32
2	CITICORP Nominees Pty Ltd	3,002, 547	18.13
3	J P Morgan Nominees Australia Pty Limited	1,973,136	11.91
4	National Nominees Limited	1,264,692	7.64
5	Prudential Nominees Pty Ltd	583,334	3.52
6	Brazil Farming Pty Ltd	543,559	3.28
7	Mr Anthony Matthew Dragicevich	279,399	1.69
8	BNP Paribas Noms Pty Ltd	227,481	1.37
	Sub-Total	11,073,317	66.86
	Total Shares	16,562,669	100.0
	Balance	5,489,352	33.14

Source: P. 89 of Capral Limited 2020, Annual Report.

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- 4. If your company is a subsidiary of another company list the major shareholders of that company.**

Capral is not a subsidiary of another company.

- 5. If your parent company is a subsidiary of another company, list the major shareholders of that company.**

Capral does not have a parent company.

- 6. Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).**

Capral has only one wholly owned subsidiary – Austex Dies Pty Ltd (ABN 8410 5067 267).

- 7. Are any management fees/corporate allocations charged to your company by your parent or related company?**

This question does not apply to Capral.

- 8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.**

Capral does not have a relationship with any of the exporters and/or importers of the goods in Malaysia or Vietnam.

Capral, however, does import some further select grades of aluminium extrusions from P R China and Indonesia to supplement local production

- 9. Provide a copy of all annual reports applicable to the data supplied in appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.**

A copy of Capral's 2020 annual report is available from www.capral.com.au/annual A copy is also at Non-Confidential Attachment A-2.9.

- 10. Provide details of any relevant industry association.**

Capral is a member of:

- Australian Aluminium Extrusions Association
- Australian Glass and Window Association
- National Security Screen Association (NSSA).

Other manufacturing groups Capral belongs to are Manufacturing Australia (MA), the Manufacturing Trade Alliance (MTA)). Capral is also a member of the International Fair Trade Alliance ("IFTA").

A-3 The imported and locally produced goods.

1. Fully describe your product(s) that are 'like' to the imported product:

- **Include physical, technical or other properties.**
- **List this information for each make and model in the range.**
- **Supply technical documentation where appropriate.**
- **Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.**

The Commission has previously examined aluminium extrusions produced by Capral and other Australian producers (in Investigations No 148, 248, 287, 362, 392, 442, 447, 482, 540, 541 and 544) and has confirmed that all aluminium extrusions produced by the Australian industry, of which Capral is the largest member, are 'like goods' to extrusions exported from countries including China, Malaysia and Vietnam.¹

The extrusions imported from the Malaysian exporters not the subject of measures are similar in all aspects to the goods manufactured by Capral and members of the Australian industry.

A copy of Capral's catalogue for generally available standard extrusion profiles is provided as Confidential Attachment A-3.3.1. In addition, Capral (as well as most extruders worldwide) also provides a wide range of profiles made to customer specifications (i.e. exclusive shapes), some of which are multiple-sourced by customers from Australian and overseas producers.

Capral has previously provided a copy of its publication "Alloy Specifications" detailing extruded alloy codes and descriptions used within the industry, and Capral's Die catalogue.

2. Provide a summary and a diagram of your production process.

Please refer to Confidential Attachment A-3.6 for a diagram of the aluminium extrusions manufacturing process.

3. If your product is manufactured from both Australian and imported inputs:

- **describe the use of the imported inputs; and**
- **identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).**

In the mill extrusion production process, raw material in the form of aluminium billet is substantially transformed into aluminium extrusions via a capital-intensive extrusion manufacturing process. Until 2012 Capral's entire aluminium billet was sourced locally. Due to the closure of the Kurri-Kurri smelter in October 2012, it became necessary for Capral to source some of its billet requirements from alternative overseas sources. In 2021, approximately xx% of Capral's billet has been sourced locally. Both local and import smelters use similar LME plus Premiums (inclusive of Major Japanese Port Premium) pricing mechanisms for aluminium billet.

¹ Refer Report 148, pp.21-26 at 3.5 to 3.6, Report 362, pp 19-20, at 3.5 to 3.6.

A-4 The Australian market.

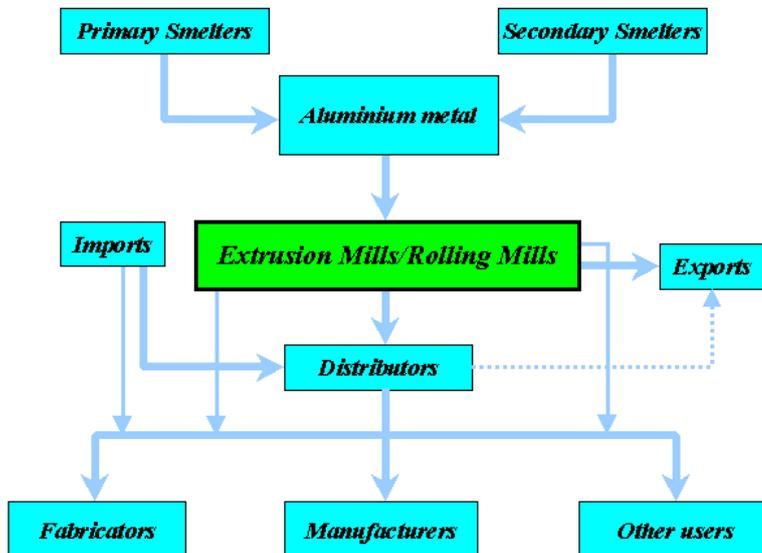
1. Describe the end uses of both your product and the imported goods.

Aluminium extrusions are used in a wide variety of applications, including commercial and residential buildings for window and door frame systems, prefabricated houses/building structures, roofing and exterior cladding, curtain walling, shop fronts, fencing, airframes, road and rail vehicles, marine, electrical and general engineering.

2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- sources of product demand;
- marketing and distribution arrangements;
- typical customers/users/consumers of the product;
- the presence of market segmentation, such as geographic or product segmentation;
- causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
- the way in which the imported and Australian product compete; and
- any other factors influencing the market.

The diagram below outlines the aluminium extrusion industry's position (shown as Extrusion Mills/Rolling Mills) in the value chain in most, if not all, domestic markets, including Australia. It also shows the distribution channels to fabricators, manufacturers and other users.



A wide range of small to medium retail and trade end-users (including smaller fabricators, manufacturers and other users) order aluminium extrusions from distributors, metal service centres or retailers, with the choice of intermediary mainly reflecting size and complexity of orders, as well as the type of trading relationships developed over time.

In some instances, in the domestic market very large original equipment manufacturers (OEMs), such as large aluminium window manufacturers, further finishers (e.g. anodisers, powder coat/painters) and fabricators, buy directly from the producers, normally in

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circumstances where the size and simplicity of order is such as not to adversely affect relationships between the producer and major distributors.

Manufacturers mainly sell aluminium extrusions to the next level of trade (distributors and OEMs) on a pricing formula reflecting:

1. the London Metal Exchange (LME) base price, plus
2. Premiums (billet premiums and Major Japanese Port ("MJP") premium);
3. a conversion or processing fee (to cover conversion costs, profit and freight to customer store or wharf for export), plus
4. finish extras if applicable (e.g. painting/powder coating or anodising).

The difference between the LME metal price and Premiums, and the selling price, is referred to in the industry as the 'spread'.

In addition, product profiles made to customer specifications will require special dies to be cut, which will either involve a charge to the customer to cover the upfront cost of producing the die, or will alternatively be paid for by the manufacturer with the cost amortised over the expected life of the die or the contract and built into the price of the extrusions.

Dies are sometimes owned by the customer and supplied to the extruder. Normally, die costs will be separated and negotiated for significant sales. However, a feature of some competition from imports is understood to be the offer of 'free' dies, even on small orders without a defined long-term order commitment. It has been usual custom in the industry to recover die costs as a separate item, either upfront for small or uncertain-duration contracts, or amortised over a defined time period for larger orders (cost-reflective pricing), however, in recent years dies have in some instances been included as an attractive enticement in the purchase of imported aluminium extrusions.

Many large customers have been increasingly sourcing a combination of local and imported product of the same specification. Imports almost always undercut domestic prices, however, invariably import products do not cover the whole range of Australian market requirements. Import prices are often used as a 'bargaining' device to obtain lower prices from local aluminium extrusion producers. Another feature of this process is the tendency for common, easier to make profiles to be dual-sourced, with the more difficult and lower-run volume sections mainly supplied from local sources. Multiple sourcing leads to loss of production tonnage, capacity underutilisation and production inefficiencies for local producers, contributing to material injury.

Following the commencement of Investigation No. 362, Capral observed an upsurge in imports from Thailand. Based upon market intelligence, Capral became aware of low-priced exports to Australia by the two-exempt Chinese exporters, Jiangsheng and Zhongya. Capral understands the export volumes from Jiangsheng and Zhongya, and the exports from Thailand, exceed the volume of exports at dumped prices (as per Investigation No. 362) from Malaysia and Vietnam.

There was a noticeable increase that emerged as key sources of supply for imported aluminium extrusions following the imposition of anti-dumping and countervailing measures on imports from China.

Demand for aluminium extrusions correlates to the general level of economic growth, especially in building/construction, industrial and transportation activities.

3. Identify if there are any commercially significant market substitutes for the Australian and imported product.

There are no commercially significant market substitutes for aluminium extrusions.

4. Complete appendix A1 (Australian production).

Capral's production volumes for aluminium extrusions are identified in Confidential Appendix A6.1 – in aggregate, and separately by finish.

5. Complete appendix A2 (Australian market).

Capral has completed Confidential Appendix A2 – Australian market.

A-5 Company sales.

1. Complete appendix A3 (sales turnover).

Capral has supplied this information to the Commission.

2. Complete appendix A4 (domestic sales).

- If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

Capral has supplied this information to the Commission.

3. Complete appendix A5 (sales of other production) if you have made any:

- **internal transfers; or**
- **domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.**

Confidential Appendix A5 has been completed by Capral and previously provided to the Commission.

4. Attach a copy of distributor or agency agreements/contracts.

Capral does not have a distributor or agency agreement with a third party.

5. Provide copies of any price lists.

Capral prices to the domestic market through a combination of methods including a 'Pricing structure' and fixed kg pricing ex-mill. Capral's distribution business uses a combination of fixed kg, list less discount and quotations.

Capral's "pricing structure" is based upon LME pricing, regional; premium and conversion factors. Examples of pricing structures are included at Confidential Attachment A-5.7.

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6. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.
- Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).
 - If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported appendix A4 (domestic sales) as a discount or rebate.

Capral provides, in limited circumstances, early payment discounts and certain 'LME' rebates. Capral accrues most of these rebates at the time of invoicing. Appendix A4, therefore, discloses the net amount in cases where the rebate has accrued.

9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.

Capral notes that the Commission has nominated specific sales for which commercial information has been requested (i.e. by email dated 13 October 2021).

A-6 General accounting/administration information.

1. Specify your accounting period.

Capral's full financial year is the 12-month period ending 31 December. Capral also provides half year financial accounts for each 6 month period ended 30 June.

2. Provide details of the address(es) where your financial records are held.

Capral's financial records are held at the following addresses:

- L4, 60 Phillip Street, Parramatta, NSW 2150
- Bremer Park, 71 Ashburn Road, Bundamba, QLD 4304

3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:

- **chart of accounts;**
- **audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);**
- **internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.**

These documents should relate to:

- 1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and**
- 2. the company overall.**

A copy of Capral's chart of accounts is available at Confidential Attachment A-6.3.1.

A copy of Capral's internal financial statements for the months of March and June 2021 are included at Confidential Attachment A-6.3.2. These statements detail:

- (i) profit/loss for each of the five manufacturing operations;
- (ii) distribution operations; and
- (iii) allocated corporate overheads.

Aluminium extrusions are produced at all five manufacturing plants.

4. If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

Not applicable.

5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.

Capral's accounts comply with Australian accounting standards as certified by independent auditors (refer the 2020 Annual Report).

6. Describe your accounting methodology, where applicable, for:

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Capral recognises income on the date of invoice. Invoices are raised each night for items shipped to the customer on that day. Some customers' net invoice value is determined on the basis of a list price less customer discount percentage, applied on each invoice and therefore recognised during the month. Customer rebates described above (i.e. early payment discounts and consolidation rebates) are calculated and a credit note raised at the end of each month.

Revenue is measured at the fair value of the consideration received or receivable. Sales revenue comprises sales of goods and services at net invoice values less returns, trade allowances and applicable rebates.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (i) Capral has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) Capral retains neither continuing managerial involvement to the degree normally associated with ownership nor effective control over the goods sold;
- (iii) the amount of revenue can be measured reliably;
- (iv) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

- **provisions for bad or doubtful debts;**

Doubtful Debt provision is based on a percentage of the total debt for customers who are subject to formal payment plans or legal action and 1.75% of the 90 day and over balances. The provision for doubtful debts is reviewed each month and necessary adjustments made to the provision. The provision is based on estimated irrecoverable amounts from the sale of goods, determined by reference to past experience and knowledge of customers. Allowances are made for known doubtful debts at the time of appointment of administrators, liquidators or other formal insolvency events.

Bad Debts – Debts are determined to be bad and written off when written advice is received from the Receiver, Liquidator or Trustee in Bankruptcy that no further dividend will be paid, or as approved by the Chief Financial Officer.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

Capral's general or overhead costs incurred within the manufacturing business are recognised in the profit and loss of the manufacturing business. These may be captured within a cost centre where they relate to a specific area (e.g. mill, painting, anodising) or they may be captured in a general manufacturing overhead cost centre. In the Confidential Appendix A6 financials, these general overheads have been allocated to Mill, Paint, Anodise and Fabrication (non-like goods) on a per kilogram sold basis.

The costs of performing Capral's shared services functions (e.g. accounts receivable, accounts payable, payroll, finance) are captured in a Corporate profit centre. These overheads are apportioned to each business as part of Capral's annual budget process.

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This split is based on an estimate by corporate cost centre owners of the percentage each business uses. For example, a large portion of Capral's information technology spend relates to its enterprise resource planning (ERP) system, SAP. As such, a key determinant of IT corporate allocation is the number of SAP users in each business.

A portion of Capral's corporate costs are not allocated as part of the budget process. This relates mainly to its executive management and some property costs. As part of the Confidential Appendix A6 process, these costs were allocated to each business based on the same proportion of total corporate costs that were allocated as part of the budget process.

Capral does not allocate interest expense to businesses. As part of the Confidential Appendix A6 process, interest costs were allocated on the basis of total funds employed in each business.

- **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

Capral's manufacturing business consists of 5 plants.

All five plants use a standard costing system to allocate metal, labour and overheads to each production order. Metal is allocated based on a standard consumption level for the pieces produced. Labour and overheads are allocated based on a standard output rate multiplied by a standard activity rate. This is based on a manufacturing bill of materials (BOM) with specific routings to allocate labour and overheads. Angaston and Penrith plants do not maintain stock in SAP for these plants cost of sales and inventory valuation is based on the current LME plus billet premium plus a single average dollar per kilogram standard for Mill Finish, Paint and Anodise.

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (e.g. FIFO, weighted average cost);**

Raw Material – Capral values its log inventory at a standard cost. The standard includes a LME and billet premium component. The standard is updated on a regular basis, in line with movements in the value of the LME and changes in billet premiums. Revaluation gains or losses are posted to the profit and loss each month.

Work in Progress (WIP) – Valued based on a standard metal cost (LME plus billet premium as per above) plus a standard cost for labour and overhead (conversion costs) for each area of production. The valuation is based on the accumulation of standard costs up to the last confirmation point. Note that the standard metal cost includes an allowance for metal waste.

Finished Goods – Valued based on a standard metal cost (LME plus billet premium as per above) plus a standard cost for labour and overhead (conversion costs) for each area of production. For example, a painted product will include a standard metal cost, a standard mill labour and overhead cost and a standard paint labour and overhead cost. Note that the standard metal cost includes an allowance for metal waste. Due to the use of standard costs, finished inventory is compared at least quarterly against actual costs (and net realisable value) and adjustments are posted to the profit and loss as required. Capral also regularly reviews dead and slow moving stock, and posts provisions to the profit and loss as required.

- **valuation methods for scrap, by-products, or joint products;**

In-House Waste – Metal waste (or scrap) is an inevitable part of the extrusion process. This consists of planned and unplanned waste. In-house scrap is booked into scrap inventory as it is generated (ie: daily).

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Customer Returns – Capral receives metal returns from customers where the product is damaged or not as per the customer's order. These returns will generally be scrapped. Customer return scrap is booked into scrap inventory upon recognition that the returned goods are not able to be re-worked or re-sold.

Scrap – Scrap is sold based on agreed contract pricing with third parties. The price is generally expressed as a percentage of the market LME rate. Scrap is held in inventory at a standard cost, which is adjusted on a regular basis, in line with movements in the LME.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

As per above, Capral books damaged goods into scrap on a regular basis and re-values this stock to net realisable value on a regular basis (generally monthly). Capral also regularly reviews dead and slow moving stock, and posts provisions to the profit and loss as required.

- **valuation and revaluation of fixed assets;**

Fixed asset valuations and revaluations are in line with generally accepted Australian accounting principles. At each reporting date, Capral reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

Refer to P. 60 of Capral's 2020 Annual Report.

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

Refer to Note 29 of Capral's Financial Statements in the 2020 annual report.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

Where applicable, provisions are made for expenditure in line with generally accepted Australian accounting principles.

7. **If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.**

Accounting methods have only changed to the extent required by Australian and international accounting standards during the investigation period.

A-7 Cost information

1. **Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.**

Capral has completed Confidential Appendix A6.1 and A6.2 for the goods the subject of Continuation Investigation No. 591. Capral only exports minor volumes of aluminium extrusions and Confidential Appendix A6.2 includes mill finish, powder coated and anodized extrusions.

A-8 Upwards sales and costs reconciliation

1. **Reconciliation templates for upwards sales and costs are available at appendices B1 and B2. Please complete where applicable.**

The reconciliation for sales and cost information has been provided separately by Capral.

A-9 Other Factors

1. **Complete appendix A7 (other factors).**

Capral has completed Confidential Appendix A7 and has previously provided to the Commission.

A-10 Injury Claims

1. **Please provide a statement setting out whether you support or oppose an investigation of the anti-dumping measures and your reasons for doing so. If you support an investigation of the anti-dumping measures, provide evidence addressing whether dumped or subsidised imports have caused, are causing and/or will cause material injury to the local industry producing like goods.**

Your response should consider:

1. Information on market trends for the goods in question for the last three years, addressing in particular, in the absence of the measures, the:
 - i. Effects on volume and value of imports and sources of imports
 - ii. Effects on price
 - iii. Effects on sales and market shares
 - iv. Effects on key performance indicators such as:
 - a. profits,
 - b. price trends,
 - c. investment, and;
 - d. employment.

(i) Effects on volume and value

Following the imposition of measures after Investigation No. 362, imports of aluminium extrusions from Malaysia increased, and exports from Vietnam decreased.

The increase in exports from Malaysia can be attributed to the exporters that were not the subject of measures. These exporters were consequently the subject of Investigations 540 and 541 where, following, investigations, anti-dumping measures were applied to the majority of the exempt Malaysian exporters (in 2021). Export volumes from Malaysia have, consequently, declined in 2021 and are only marginally below the levels of 2015).

In respect of exports from Vietnam to Australia, the anti-dumping measures had the desired impact resulting in a decline in export volumes in 2018. However, as raw material aluminium prices increased in 2018/19 the effectiveness of the applicable anti-dumping measures diminished as prevailing prices far exceeded the 2015 benchmark upon which variable factors were determined.

The review of variable factors investigation (No. 544) on exports from Malaysia and Vietnam has impacted export prices to Australia in 2021 as variable factors reflecting contemporary prices take effect.

Following increases in export volumes to Australia in 2019 and again in 2020, export volume in 2021 have declined (although remain higher than in 2017).

(ii) Effects on price

Capral's application for the continuation of measures on the subject Malaysian and Vietnam exporters detailed the export prices to Australia from both countries in 2020/21 (refer Table 5 of Capral application).

The quarterly export prices are repeated below:

Table 5 – Export prices for aluminium extrusions – 2020/21 (A\$/kg)

	Jul-Sep 2020	Oct-Dec 2020	Jan-Mar 2021	Apr-Jun 2021
Malaysia	xxx	xxx	xxx	Xxx
Vietnam	xxx	xxx	xxx	xxx

Source: Weighted average quarterly calculations. Refer Capral Application - Confidential Attachment 7.

Table 5 confirms that the Malaysian and Vietnam aluminium extrusion export prices to Australia have not reflected the increase in the LME and MJP that has occurred – with Vietnam prices declining across the 12-month period by almost 10 per cent.

It is Capral's view that the subject exporters in Malaysia and Vietnam have maintained prices consistent with the applicable variable factors (prior to finalisation of review of variable factors investigation No. 544) and have not reflected the higher aluminium input costs in export prices to Australia that were evident in the 2020/21 period.

(iii) Effects on price and market shares

There has been an impact on local sales of aluminium extrusion during the 2020/21 year due to the Covid-19 pandemic. Imports from all sources – including Malaysia and Vietnam – have been difficult to source, with Australian industry members experiencing increased demand from customers in Australia.

The prevalence of lower prices from Malaysia and Vietnam, however, confirms that exporters the subject of the measures – despite higher freight costs, etc – have continued to price at dumped levels so that sales volumes are maintained (albeit at reduced levels).

Capral considers the pricing behaviours of the Malaysian and Vietnam exporters confirm intentions to continue to supply aluminium extrusions into the Australian market at dumped prices.

(iv) Effects on key performance indicators

Capral experienced reduced returns and negative impacts on economic indicators in 2019 as Malaysian and Vietnam exporters undercut the Australian industry's selling prices. The material injury experienced by Capral and other Australian industry members was confirmed in Investigations 540, 541 and 544 the latter re-confirmed the existence of dumping).

The continued availability of dumped exports from Malaysia and Vietnam in 2020 and the first half of 2021 has been offset by the reduction in overall import volumes (from China, Malaysia and Vietnam) – although volume sin 2021 are likely to be higher than in the five years immediately following the imposition of measures on China in 2009.

The improvement in the economic indicators in 2020/21 is considered to be temporary. As exporters move toward increasing export volumes to Australia to pre-covid 19 levels, the Australian industry will again be susceptible to the dumping of aluminium extrusions. Australia is not an isolated example concerning the dumping of aluminium extrusions – dumping of the goods occurs in all major locations globally – North America, Canada, European and also in Asia. The level of production of aluminium extrusions globally far exceeds demand, resulting in exports at dumped prices.

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The anti-dumping measures applicable to exporters in Malaysia and Vietnam (as applied in the original Investigation No. 362) are considered opportunistic and, should the measures expire, will increase exports to Australia at dumped prices.

2. Information addressing the likelihood of material injury occurring to the Australian industry in the absence of the anti-dumping measures. Alternative sources of export supply that may arise following the potential imposition of dumping duty, or production capacity in the country concerned, may be relevant.

Capral indicated in its application for the continuation of measures that the available information supports a conclusion that dumping and subsidisation and material injury would likely occur should the measures expire as:

- Malaysian and Vietnamese exporters have maintained distribution links into the Australian market;
- the excess capacities for exporters identified in investigation No. 362 are likely to continue to exist in 2020/21 and therefore present an opportunity for exporters to increase exports to Australia should the measures expire;
- The recently completed review of measures of measures Investigation No. 544 confirmed Malaysian exporters had exported at dumped prices of 10.7 per cent, with exports by [*exporter*] and premium reflecting applicable floor prices, and exports from Vietnam at 1.9 per cent margins (i.e. slightly within the negligible margin threshold of two per cent);
- LME and MJP prices in 2020/21 are higher than in the 2019 investigation period in Investigation No. 544;
- export prices from Vietnam in 2020/21 have declined;
- import volumes from Malaysia are higher in 2020/21 than in the original investigation period, with import volumes from Vietnam approximately 330 per cent higher in 2020/21 than in 2017/2018 immediately following the imposition of measures;
- the Australian market for aluminium extrusions is transparent with a high level of price sensitivity;
- Report No. 362 confirmed that the dumped prices from Malaysia and Vietnam substantially influenced the Australian industry's prices – this is likely to recur (given falling export prices for Vietnam) should the measures expire;
- the Australian industry has experienced a recover in 2021, however, this recovery is viewed as short term due to the limitations on some import volumes (not impacting all import supply); and
- the Commission's recent Reports 540, 541, 543 and 544 confirm that the Australian industry is vulnerable to the injurious effects of dumping (and subsidisation).

The Australian market for aluminium extrusions is an "open" market with significant supply from both local and import sources. Capral welcomes competition from imports at fair, non-dumped and not subsidised prices. However, Capral contends that the recent export prices for aluminium extrusions from Malaysia and Vietnam confirm that prices do not reflect recent increases in the LME and MJP, at which Capral must price its locally produced aluminium extrusions. Capral, and the Australian industry, are therefore susceptible to a recurrence of material injury from dumping should the measures expire.

3. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the investigation in that an industry weakened by other events may be more susceptible to injury from dumping.

The predominant source of injury to the Australian industry manufacturing aluminium extrusions is from imports.

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Capral does not consider that factors other than dumping have a material impact on the economic performance of the Australian industry. Due to the transparent nature of selling prices in the industry, local manufacturers are influenced by prevailing import prices. Hence increases in raw material input costs are borne equally by all producers (whether within Australia or external to Australia).

APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix 7	Other Factors
Appendix A8	Authority to Deal With Representative
Appendix B1	Upward Sales Reconciliation Template
Appendix B2	Upward Costs Reconciliation Template