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Govt should toughen up on aluminium dumping

NZ's valuable aluminium industry is undermined by unfair trade.

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By **Nick Collins**

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Metals New Zealand CEO Nick Collins

It's clear rebuilding an economy that addresses climate change and low-value jobs will require profound change to industries vital to New Zealand, such as tourism and aviation.

Flying under the radar are industries that are already delivering what we need – advanced technology businesses providing high-value jobs in our regions and value-add products for the domestic and export markets.

For example, Waikato's aluminium industry businesses are estimated to have an annual turnover of approximately \$1 billion as of 2019 – and represent some of the world's most sophisticated aluminium extrusion and processing businesses in the world.

The Waikato has three large extruders (that's the process where aluminium is forced through a 'die' to form products such as window frames): Independent Extrusion (Inex), Altus, and Ullrich Aluminium.

They are crucial suppliers to almost all residential and commercial buildings in New Zealand, producing some 25,000 tonnes of the world's lowest carbon extruded aluminium annually, used in high-quality windows, doors, and other applications.

Taranaki is home to McKechnie Aluminium, pioneers of extrusion in New Zealand and the only extruder in the world to have achieved third-party CEMARS product certification by Enviro-Mark Solutions Ltd. McKechnie's carbon footprint is 90% lower than the global average.

It is also one of very few extruders in Australasia to have a remelt casthouse to recycle scrap aluminium; its products have a high recycled content. And that's a good idea as aluminium is not only infinitely recyclable, but the process uses only 5% of the energy and produces only 5% of the carbon emissions compared with primary production.

Inex also maximises this and has a relationship with the smelter to return pre-consumer extrusion offcuts for recycling in New Zealand.

Almost all scrap is recycled

As an industry, more than 99% of all scrap is recycled, and even dies are recycled at the end of their useful life. This allows the industry to minimise waste by extracting value from spent product.

Overall, very little fossil energy is used for extrusion, with most energy for heating coming from electricity, resulting in a very low impact on air quality and carbon emissions. Further, firms source 85% of their primary aluminium from a New Zealand aluminium smelter, which has a carbon footprint 75% lower than the world average.

Combined with the use of modern electric heating technology and New Zealand's clean grid mix, the finished product has an extremely low carbon footprint compared with international product.



Extruding firms are critical to regional economies

These firms are critical to regional economies. As major employers, they also deliver benefits down the supply chain. McKechnie employs 300 people in the Taranaki. In the Waikato, extruders employ more than 350 people directly. Many more jobs are provided within these regions in other finished products, fabrication, and die manufacturing, along with those created in downstream distribution and manufacturing industries.

Despite the impacts of Covid-19, these are stable, well-paid jobs offering about 40 hours' training every year for every worker, putting skills and safety as top priorities.

But the industry faces some challenges, mainly competition from imported extruded material, some of which is 'dumped' in New Zealand at a cost lower than would be charged in the exporter's market, and which does not meet the environmental and quality standards of locally produced material.

Dumping illegal: WHO rule

The practice of dumping is illegal under World Trade Organisation rules due to the impacts it has on domestic businesses. For small to medium-sized businesses feeling the effect of dumped product, the process of getting the Ministry of Business (MBIE) to mount investigations is slow, arduous, and expensive – in other words, not viable.

On the other hand, we know little about the provenance of imported extruded material. Material sourced from places that do not have the same level of regulation, policies, and commitment to sustainability as we do in New Zealand means that material is not contributing nearly as much to the wellbeing of people, especially locals.

In these challenging times, when we need to be growing green, high-value businesses - not letting them die a slow death due to unfair trade - we need to see stronger governmental anti-dumping support and research, including rapid response to necessary investigations.

And we need to see easier access to research and development funding, to help the industry adopt the latest technology, and improve production efficiency while lowering emissions.

This – along with allowing shorter depreciation timeframes for technologically-advanced capital equipment, in line with overseas competitors – could help to grow the local industry and grow production of low-carbon aluminium products in the regions.

Nick Collins is the chief executive of Metals New Zealand.

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