



Australian Government

Australian Customs and
Border Protection Service

AUSTRALIAN CUSTOMS DUMPING NOTICE **NO. 2009/20**

Certain aluminium extrusions

Exported from the People's Republic of China

Initiation of an investigation into alleged dumping and subsidisation

The Chief Executive Officer (CEO) of the Australian Customs and Border Protection Service (Customs and Border Protection) has initiated an investigation following an application lodged by Capral Limited on behalf of the Australian industry producing certain aluminium extrusions. The application requests the publication of a dumping duty notice and countervailing duty notice in respect of certain aluminium extrusions exported to Australia from the People's Republic of China (China).

The application alleges that the goods have been exported from China to Australia at prices less than their normal value, that countervailable subsidies have been received in respect of the goods exported from China to Australia and that the dumping and subsidisation has caused material injury to the Australian industry through:

- lost sales;
- lost market share;
- price undercutting;
- price suppression;
- reduced profits and profitability;
- lost utilisation of capacity resulting in increases in the unit cost of production;
- employment losses; and
- damaged customer relationships.

The non-confidential version of the application, made available on the public record, contains the basis of the alleged dumping and subsidisation.

A notice under subsection 269TC(4) of the Act advising initiation of this investigation was published in *The Australian* newspaper on 24 June 2009.

The goods

The goods the subject of the application (the goods) are aluminium¹ extrusions produced via an extrusion process, of alloys having metallic elements falling within the alloy designations published by *The Aluminum Association* commencing with 1, 2, 3, 5, 6 or 7 (or proprietary or other certifying body equivalents), with the finish being as extruded (mill), mechanical, anodized or painted or otherwise coated, whether or not worked, having a wall thickness or diameter greater than 0.5 mm., with a maximum weight per metre of 27 kilograms and a profile or cross-section which fits within a circle having a diameter of 421 mm, originating in or exported from, the People's Republic of China.

¹ The term "aluminium" is interchangeable with the North American spelling "Aluminum" and refers to the same product in every sense. Both words appear throughout this notice.

The following additional information assists in understanding the goods:

Extrusion is the process of shaping heated material by forcing it through a shaped opening in a die with the material emerging as an elongated piece with the same profile as the die cavity. For greater clarity, the goods do not include goods made by the process of impact extrusion or cold extrusion.

Alloys are metals composed of more than one metallic element. Alloys used in aluminium extrusions contain small amounts (usually less than five percent) of elements such as copper, manganese, silicon, magnesium, or zinc which enable characteristics such as corrosion resistance, increased strength or improved formability to be imparted to the major metallic element, aluminium.

Aluminium alloys are produced to specifications in “International Alloy Designations and Chemical Composition Limits for Wrought Aluminum and Wrought Aluminum Alloys” published by The Aluminum Association. It includes all alloy designations - these specifications are known in the industry as “Teal Sheets”). These specifications have equivalent designations issued by other certifying bodies such as the International Standards Organization.

Effects of Alloying Elements

The properties and characteristics of aluminium, such as density, conductivity, corrosion resistance, finish, mechanical properties, and thermal expansion, are modified by the addition of alloying elements. The resulting effect depends upon the principal alloying elements used, as detailed in the table below.

Wrought Alloy Designation	Major Alloying Elements and Typical Alloy Characteristics
1xxx Series	Minimum 99% aluminum High corrosion resistance. Excellent finishability. Easily joined by all methods. Low strength. Poor machinability. Excellent workability. High electrical and thermal conductivity.
2xxx Series	Copper High strength. Relatively low corrosion resistance. Excellent machinability. Heat treatable.
3xxx Series	Manganese Low to medium strength. Good corrosion resistance. Poor machinability. Good workability.
4xxx Series	Silicon Not available as extruded products.
5xxx Series	Magnesium Low to moderate strength. Excellent marine corrosion resistance. Very good weldability.
6xxx Series	Magnesium & Silicon Most popular extrusion alloy class. Good extrudability. Good strength. Good corrosion resistance. Good machinability. Good weldability. Good formability. Heat treatable.
7xxx Series	Zinc Very high strength. Good machinability. Heat treatable.

Source: *The Aluminum Association (US)*

Profiles and shapes - All aluminium extrusions are produced as either hollow or solid profiles. Hollow profile extrusions generally cost more to produce and obtain higher prices than solid profile extrusions. Extrusions are often produced in standard shapes such as bars, rods, pipes and tubes, angles, channels and tees but they are also produced in customised profiles.

Finishes - In addition to ‘as extruded’ or mill finish, extrusions can be finished mechanically by polishing, buffing or tumbling. Extrusions can have anodized finishes applied by means of an electro-chemical process that forms a durable, porous oxide film on the surface of the aluminium.

Also, they can be finished by painting with liquid or powder coatings utilising an electrostatic application process.

For the purposes of this application, aluminium extrusions are further classified into four "finish" types:

- Mill Finish - Plain metal finish, uncoated (i.e. "as extruded from the die");
- Anodised - Surface converted to aluminium oxide (by electrolysis) and may be coloured by electrolytic or chemical dye means;
- Powder Coated - Charged powder particles are sprayed and adhere to electrically grounded surfaces, heated and fused into a smooth coating in a curing oven; and
- Painted or Other Finish - Painted or finished in other surface applications.

Size range - The ability to produce the full range of profiles is determined by the extrusion and ancillary equipment.

"Working" extrusions includes any operation performed other than mechanical, anodized, painted or other finishing, prior to utilisation of the extrusion in a finished product.

Standards - Aluminium extrusions are manufactured to a variety of Australian and International standards. Products exported to Australia are often claimed to comply with one or more of the following standards:

- ASTM B221M-88 (USA);
- BS 1474:1987 (UK); and
- GB/5237.1-2000 (China).

The most common Australian / New Zealand standard is AS/NZ 1866:1997, which specifies requirements for aluminium and aluminium alloy extruded rod, bar, solid and hollow products for general engineering purposes.

The goods may be classified to tariff subheadings 7604.10.00 (statistical code 06), 7604.21.00 (statistical codes 07 and 08), 7604.29.00 (statistical codes 09 and 10), 7608.10.00 (statistical code 09), 7608.20.00 (statistical code 10), 7610.10.00 (statistical code 12) and 7610.90.00 (statistical code 13) in Schedule 3 of the *Customs Tariff Act 1995*. The rates of duty for the goods from China are 4% for goods classified to headings 7604 and 7608 and 5% for goods classified to heading 7610.

Investigation process

The investigation period is 1 July 2008 to 30 June 2009. Customs and Border Protection will examine exports to Australia of the goods during that period to determine whether dumping and subsidisation has occurred. Customs and Border Protection will examine details of the Australian market from 1 January 2006 for injury analysis.

Customs and Border Protection's records indicate a large number of potential exporters of aluminium extrusions from China during the investigation period. In view of the potentially large number of exporters who may provide information in relation to the application, it may not be practicable to work out for each exporter:

- individual dumping margins; and
- whether a benefit has been conferred and the amount of subsidy.

A preliminary information request (PIR) has been sent to all known suppliers requesting basic information. Following an evaluation of the responses, Customs and Border Protection will consider whether sampling is required to limit the investigation to a smaller number of exporters so that the investigation is manageable. Where suppliers/exporters do not respond to the PIR, those parties are considered to have not cooperated with the investigation.

If a large number of exporters are identified, Customs and Border Protection will then decide which exporters should be sampled for further investigation. In identifying the

sample of exporters to be investigated, Customs and Border Protection will take into account:

- the individual volume of each identified exporter; and
- the available resources to properly undertake the investigation.

Exporters not selected for further investigation are considered to be residual exporters.

Possible outcomes for exporters include:

Exporters sampled for further investigation – ‘selected exporters’:

- Cooperating: the exporters sampled for further investigation because of their large volumes of trade, who submitted the required information, and permitted verification. These exporters will get their individual dumping margins based on their own information.
- Non cooperating: export prices and normal values will be determined having regard to all relevant information in accordance with the provisions of s269TAB(3) and s269TAC(6) of the Act.

Exporters not sampled for further investigation – ‘residual exporters’:

- includes those exporters that responded to the PIR but were not sampled due to the lower export volumes compared to other exporters;
- the calculation method for residual exporters ensures that a dumping margin is determined which is no greater than the weighted average for the exporters selected for an individual determination and who cooperated with the investigation. This ensures that these exporters are not worse off than the average of the cooperating sampled exporters.

Non-cooperating exporters – ‘selected exporters’:

- parties that did not respond to the PIR or did not make themselves known;
- export prices and normal values will be determined having regard to all relevant information in accordance with the provisions of s269TAB(3) and s269TAC(6) of the Act.

In making findings in relation to the application for a dumping duty notice the CEO must consider whether:

- (a) the export price of the goods that have already been exported to Australia is less than the normal value of those goods; and
- (b) the export price of like goods that may be exported to Australia in the future may be less than the normal value of the goods; and
- (c) because of that, material injury to the Australian industry producing like goods has been or is being caused or is threatened.

In making findings in relation to the application for a countervailing duty notice the CEO must consider whether:

- (a) a countervailable subsidy has been received in respect of the goods that have already been exported to Australia; and
- (b) a countervailable subsidy may be received in respect of like goods that may be exported to Australia in the future; and
- (c) because of that, material injury to the Australian industry producing like goods has been or is being caused or is threatened.

Lodgement of submissions

Interested parties are invited to lodge submissions concerning the publication of the dumping duty notice and/or countervailing duty notice sought in the application no later than the close of business on 3 August 2009, addressed to:

Director Operations 3
Trade Measures Branch
Australian Customs and Border Protection Service
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

Or by email: tmops3@customs.gov.au

Interested parties wishing to participate in the investigation must ensure that submissions are lodged promptly. Interested parties may be granted an extension of time for lodgement of a submission, provided the request is in writing and is reasonable and practical given the circumstances. Interested parties may reply to matters raised by other parties during the course of the investigation and in response to the statement of essential facts.

Interested parties should note that the CEO is not obliged to have regard to a submission received by Customs and Border Protection after the end of the period mentioned above if to do so would, in the CEO's opinion, prevent the timely placement of the statement of essential facts on the public record.

Interested parties claiming that information contained in their submission is confidential, or that the publication of the information would adversely affect their business or commercial interests, must:

- provide a summary containing sufficient detail to allow a reasonable understanding of the substance of the information that does not breach that confidentiality or adversely affect those interests, or
- satisfy the CEO that there is no way such a summary can be given to allow a reasonable understanding of the substance of the information.

Submissions containing confidential information must be clearly marked "In-Confidence".

Interested parties must lodge a non-confidential version or a summary of their submission in accordance with the requirement above. In either case, interested parties must provide two copies of each for the public record.

The CEO must maintain a public record of each inquiry. The public record must contain, among other things, a copy of all submissions from interested parties (letters and electronic mail are generally regarded as "submissions" if they contain information relevant to the inquiry). Documents included in the public record are available at <http://adpr.customs.gov.au/Customs/>

Alternatively, the public record may be examined at the office address below during business hours by contacting Trade Measures Branch on telephone number (02) 6275 6547.

Trade Measures Branch
Customs House
5 Constitution Avenue
CANBERRA ACT 2601

Provisional measures

A preliminary affirmative determination may be made not earlier than 60 days after the date of initiation provided that there appears to be sufficient grounds for the publication of a dumping duty notice or countervailing duty notice. In accordance with section 269TD of the Act, provisional measures, in the form of securities in respect of interim dumping duty and/or countervailing duty that may become payable on the goods, may be imposed where a preliminary affirmative determination has been made.

Statement of essential facts

The dates specified in this notice for lodging submissions must be observed to enable Customs and Border Protection to report to the Minister for Home Affairs (the Minister) within the legislative timeframe. A statement of essential facts will be placed on the public record by 12 October 2009, or by such later date as the Minister may allow in accordance with section 269ZHI of the Act. The statement will set out the essential facts on which the CEO proposes to base a recommendation to the Minister. That statement will invite interested parties to respond to the issues raised within 20 days of the statement being placed on the public record.

Report to the Minister

Submissions received in response to the statement of essential facts will be taken into account in completing the report and recommendation to the Minister. A recommendation to the Minister will be made in a report on or before 26 November 2009 (or such later date as the Minister may allow), unless the CEO terminates the investigation earlier under s269TDA of the Act.

Review Officer

Certain parties will have the right to seek review in accordance with Division 9 of Part XVB of the Act of either a decision by the CEO to terminate the investigation, or a decision of the Minister after considering the CEO's report.

Customs and Border Protection contact

Enquiries concerning this notice may be directed to the case manager on telephone number (02) 6275 6403, fax number (02) 6275 6990 or e-mail tmops3@customs.gov.au.

Geoff Johannes
National Manager
Trade Measures Branch
CANBERRA ACT

24 June 2009