



Australian Government
**Department of Industry,
Innovation and Science**

**Anti-Dumping
Commission**

Received

Anti-Dumping Commission 06/01/2020

PUBLIC FILE

**Application for the publication of
dumping and/or
countervailing duty notices**

**Aluminium micro-extrusions
exported from
The People's Republic of China
by**

**Guangdong Jiangshen Aluminium Co., Ltd and
Guangdong Zhongya Aluminium Co., Ltd**



APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

DECLARATION

I request, in accordance with section 269TB of the *Customs Act 1901* (the Act), that the Minister publish in respect of goods the subject of this application:

- a dumping duty notice, or
- a countervailing duty notice, or
- a dumping and a countervailing duty notice.

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Please note that giving false or misleading information is a serious offence.

Signature:

Name: Mr Wolf Breit

Position: Managing Director

Company: Aluminium Shapemakers Pty Ltd

ABN: 42 082 665 4344

Date: 6 January 2020

IMPORTANT INFORMATION

Signature requirements

Where the application is made:

By a company - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

By a joint venture - a director, employee, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

On behalf of a trust - a trustee of the trust must sign the application.

By a sole trader - the sole trader must sign the application.

In any other case - contact the Commission's Client support section for advice.

Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants on the application for the publication of dumping and/or countervailing duty notices*
- *Instructions and Guidelines for applicants on the examination of a formally lodged application*

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

Phone: 13 28 46

Email: clientsupport@adcommission.gov.au

Information is available from the Commission's website at www.adcommission.gov.au.

Small and medium enterprises (i.e., those with less than 200 full-time staff, which are independently operated and which are not a related body corporate for the purposes of the *Corporations Act 2001*), may obtain assistance, at no charge, from the International Trade Remedies Advisory (ITRA) Service. For more information on the ITRA Service, visit www.business.gov.au or telephone the ITRA Service Hotline on +61 2 6213 7267.

Important information

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the Commission to establish whether there appear to be reasonable grounds for the publication of a dumping duty or countervailing duty notice and initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions are answered; and
- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to evaluate industry trends and assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form does not specifically address all the information required when making a claim that the establishment of an Australian industry producing like goods has been or may be materially hindered. If you are considering making such a claim, please contact the Commission to discuss information requirements.

The application form requests data over several periods (P^1, P^2, \dots, P^n) to evaluate industry trends and to correlate injury with dumped or subsidised imports. The labels $P^1 \dots P^n$ are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commission will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicants should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During verification, the Commission will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

Appendices	Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled <u>Attachment A2.2</u> . If a second organisation chart is provided in response to the same question, it should be labelled <u>Attachment A2.2.2</u> (the first would be labelled <u>Attachment A2.2.1</u>).
Provision of data	Industry financial data must, wherever possible, be submitted in an electronic format. <ul style="list-style-type: none">• The data should be submitted on a media format compatible with Microsoft Windows.• Microsoft Excel, or an Excel compatible format, is required.• If the data cannot be presented electronically please contact the Commission’s client support section for advice.
Lodgement of the application	This application, together with the supporting evidence, must be lodged in the manner approved by the Commissioner under subsection 269SMS(2) of the Act. The Commissioner has approved lodgement of this application by either: <ul style="list-style-type: none">• preferably, email, using the email address clientsupport@adcommission.gov.au, or• post to: The Commissioner of the Anti-Dumping Commission GPO Box 2013 Canberra ACT 2601, or• facsimile, using the number (03) 8539 2499.
Public Record	During an investigation all interested parties are given the opportunity to defend their interests by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission’s website at www.adcommission.gov.au . At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application <u>must</u> be submitted. Please ensure each page of the application is clearly marked “FOR OFFICIAL USE ONLY” or “PUBLIC RECORD”. The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the publication of a dumping duty or countervailing duty notice, or, if those reasons cannot be summarised, a statement of reasons why a summary is not possible.

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

A-1 Identity and communication

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

Aluminium Shapemakers Pty Ltd (Trading as "AluShapes")

Contact Name: Wolf D Breit
Company and position: Managing Director, AluShapes
Address: 5-7 Warringah Close, Somersby NSW 2250
Telephone: 0412 291 552
E-mail address: wb@alushapes.com.au
ABN: 42 082 665 325

Alternative contact

Name: Ms Michelle Cremer
Position in company: Commercial Manager
Address: 5-7 Warringah Close, Somersby NSW 2250
Telephone: (02) 4340 4344
E-mail address: mc@alushapes.com.au

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

AluShapes has engaged the services of the following representative:

Name: Mr John O'Connor
Business name: John O'Connor and Associates Pty Ltd
Address: P.O. Box 329, Coorparoo, QLD 4151
Telephone: (07) 3342 1921
E-mail address: jmoconnor@optusnet.com.au
ABN: 3909 865 0241

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 your application.**

Aluminium Shapemakers Pty Ltd (hereafter referred to as "Alushapes"), is a limited liability company. The company trades under the name of AluShapes. No other business names are used.

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

Alushapes does not have an internal organisation chart.

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

The major shareholders:

Companies owned/controlled by Wolf D Breit and partner:

- Peartree Enterprises Pty Ltd: 743,750 Ordinary Shares (35.56%);
- Breikreutz Pty Ltd: 1,248,762 Ordinary shares; 20,000 Class "B" Shares (59.70%);

Shareholdings controlled by employees John and Michelle Cremer:

- Cremer Holdings Pty Ltd: 86,957 Class "A" shares (4.16%);
- John and Michelle Cremer: 10,000 Class "B" shares, plus employee share options (0.48%) plus employee share options.

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

AluShapes 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.**

This question is not applicable to AluShapes.

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).**

There are no other affiliated companies with Aluminium Shapemakers Pty Ltd.

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

There are no management fees or corporate allocations charged to Aluminium Shapemakers Pty Ltd.

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

The applicant does not have a relationship (commercial or otherwise) with an exporter to Australia or Australian importer (other than as a supplier) of the goods the subject of this application.

- 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.**

Please refer Confidential Attachment A-2.9 for the most recent two annual financial statements (2017 and 2018). As at date of lodgement of application Alushapes' 2019 financial statements are being finalised.

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

AluShapes is a member of the Australian Aluminium Extruders Association.

A-3 The imported and locally produced goods

- 1. Fully describe the imported product(s) the subject of your application:**
- **Include physical, technical or other properties.**
 - **Where the application covers a range of products, list this information for each make and model in the range.**
 - **Supply technical documentation where appropriate.**

Goods description

The goods the subject of this application include:

Aluminium micro-extrusions, in the form of hollow profiles, weighing less than 200 gram per metre (<0.2kg/m) in length, whether or not alloyed, mill finish, powder coated, anodised, or further coated.

Further details:

Examples of hollow aluminium micro-extrusions in end use applications include flyscreen frame profiles (as used for domestic window flyscreens) and tubes (as used for television aerials).

The aluminium micro-extrusions are typically made from aluminium alloys 6060, 6063, 6005 and 6106. The temper of the alloy is typically T5, although some T6 may also be used in micro-extrusion production.

Solid micro-extrusions (including angles, rectangles, solid rounds and squares) are not covered by this application.

- 2. What is the tariff classification and statistical code of the imported goods.**

The micro-extrusions the subject of this application may be classified under the same subheadings and statistical codes that applies to aluminium extrusions the subject of measures. The relevant tariff classifications are as follows:

Subheading/stat code	
7604.10.00/06	Non alloyed aluminium bars, rods and profiles
7604.21.00/07	Aluminium alloy hollow angles and other shapes
7604.21.00/08	Aluminium alloy hollow profiles
7604.29.00/09	Aluminium alloy non hollow angles and other shapes
7604.29.00/10	Aluminium alloy non hollow profiles

7608.10.00/09	Aluminium tubes and pipes, not alloyed
7608.20.00.10	Aluminium tubes and pipes, alloyed
7610.10.00/12	Aluminium structures and parts thereof (including profiles and tubes)
7610.90.00/13	Other Aluminium structures and parts thereof

The identified tariff classifications and statistical codes may include goods that are both subject and not subject to the application.

There are no “standard” or “non-standard” micro-extrusion profile categories. Alushapes will produce any micro-extrusion profile less than 0.200kg/m when provided with drawings and if technically feasible..

3. Fully describe your product(s) that are ‘like’ to the imported product:

- Include physical, technical or other properties.
- Where the application covers a range of products, 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.

Alushapes manufactures micro-extrusions (i.e. aluminium extrusions) of a weight less than 200 grams per metre in length, in mill finish and through subcontractors - anodised, and powder coated surface finishes.

Examples of these goods manufactured by Alushapes include:

- Aluminium flyscreen extrusions used for domestic window flyscreen frames. Two examples of the exclusive flyscreen extrusion profile drawings are included at Confidential Attachment A-3.3.1;
- Aluminium tube extrusions e.g. as used for television aerials. The specifications are included at Confidential Attachment A-3.3.2.

4. Describe the ways in which the essential characteristics of the imported goods are like to the goods produced by the Australian industry.

Alushapes considers that the locally produced micro-extrusions have the same essential characteristics as the imported micro-extrusions and are considered “alike” based upon the following considerations:

- Physical likeness – the physical characteristics of the locally produced and imported goods are similar – being of similar shape and dimension, and being made from aluminium;
- Commercial likeness – the locally produced and imported goods are commercially alike as they are sold to common customer for the same applications;
- Functional likeness – the locally produced and imported goods are functionally alike as they have the same or similar end-uses;
- Production likeness – the locally produced and imported goods are manufactured in a similar manner – via an aluminium extrusion process and the respective surface treatment processes.

5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.

Aluminium extrusions are covered by the very broad ANZSIC Class 2142 Aluminium Rolling, Drawing, Extruding:

Division C	Manufacturing
Subdivision 21	Primary Metal and Metal Product Manufacturing
Group 214	Basic Non-Ferrous Metal Product Manufacturing
Class 2142	Aluminium Rolling, Drawing, Extruding

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

An aluminium billet that has been heated to 500 degC to a plastic state is fed into an extrusion press that contains a steel die which has been machined to the detail of the desired extrusion profile. The extruded aluminium profile emerges from the die under pressure and is conveyed along an automated roller run-out table (up to 42 metres in length). Large profiles (up to 220 mm in diameter) are extruded one at a time, while small profiles may resemble spaghetti on the runout table with up to eight and twelve lengths extruded at a time. Small profiles (i.e. < 200 gm/metre run more slowly and are therefore more costly to produce.

Whilst the extrusion lengths are cooling to room temperature on the run-out table they are transferred to the stretcher. The lengths are still soft and their waviness is taken out by a 4 per cent stretch between two vice like jaws of the automated stretcher. The lengths are then transferred to the cut-to-length line. The long, straightened extrusions are cut to 5.0/6.0/6.5 metre lengths, or longer lengths depending upon the customer's requirements.

The lengths then require hardening by aging at 190 degrees Celsius for 8 hours, in an aging oven. From the cut-to-length line the extrusions are placed into steel baskets which are stacked four high and wheeled into the oven. Following heat treatment, the extrusions have their final properties- of strength, bendability and anodisability.

The lengths are now ready for powder coating or anodizing, then delivery to the customer in packs weighing up to 200-300kg per pack.

A detailed outline of the production process is included at Confidential Attachment A-3.6.

7. 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).

Alushapes sources its aluminium billet from locally produced Australian primary aluminium smelters eg Tomago Smelters NSW.

8. If your product is a processed agricultural good, you may need to complete Part C-3 (close processed agricultural goods).

The goods, the subject of this application, are not close processed agricultural goods.

9. Supply a list of the names and contact details of all other Australian producers of the product.

The following table lists known Australian aluminium extrusion manufacturers:

Company	Address	Telephone/Fax
Almax Aluminium Pty Ltd	87 Trade Street Lytton QLD 4178 http://www.almax.net.au	Tel: 07 3906 6000 Fax: 07 3906 6066

Company	Address	Telephone/Fax
Extrusion Profiles Australia Pty Ltd (EPA)	25-31 Licola Crescent Dandenong South VIC 3175 http://www.aluminiumprofiles.com.au	Tel: 03 9768 5000 Fax: 03 9768 5050
Capral Limited	Level 4, 60 Phillips Street, Parramatta, NSW, 2150 http://www.capral.com.au	Tel: 02 8222 0113 Fax: 02 8222 0130
Extrusions Australia Pty Ltd	25-28 Andretti Court Truganina VIC 3026 http://www.extrusions.com.au	Tel: 03 8348 9300 Fax: 03 8348 9301
G James Extrusion Co Pty Ltd	1082 Kingsford Smith Drive Eagle Farm QLD 4009 http://gjames.com	Tel: 07 3877 2833 Fax: 07 3877 2890
Independent Extrusions Pty Ltd (Inex)	33-39 Licola Crescent Dandenong South VIC 3175 http://www.inex.co.nz	Tel: 03 9768 0000 Fax: 03 9768 2748
Olympic Aluminium Co Pty Ltd	606 Ballarat Road Sunshine VIC 3020 http://www.olympicaluminium.com	Tel: 03 8361 2122 Fax: 03 9363 6643
Ullrich Aluminium Pty Ltd	20 Ron Boyle Crescent Carole Park QLD 4300 http://www.ullrich.com.au	Tel: 07 3718 1400 Fax: 07 3271 1230

It is Alushapes' understanding that while a number of the above local manufacturers have the capability to produce hollow micro-extrusions (<0.2kg/m), they elect not to manufacture the goods that are the subject of the application, namely complicated hollows like flyscreen profiles and thin wall small tubing which are overwhelmingly imported in larger volumes and stocked by distributors and stockists.

The micro-extrusions which are not the subject of this application are solid profiles, usually produced in small quantities per profile, although quite numerous in number of different profiles. A number of the above extrusion manufacturers participate in the production of these bespoke (customer exclusive) micro-extrusions, mostly under sufferance and unprofitably, to complement a suite of larger extrusion profiles as part of their mill supply package.

Alushapes, as a producer of the full range of micro-extrusions (both hollow and solid profiles) is therefore the only specialist manufacturer of micro-extrusions of < 200 gm/metre in Australia.

10. If different models can be established for the goods subject to the application:

- **What are the differences in physical characteristics that give rise to distinguishable and material differences in price?**
- **Provide supporting documentation or analysis supporting the differences in physical characteristics that affects price comparability. Unit costs may also be used to demonstrate differences in physical characteristics where it affects price comparability.**
- **In providing the list of physical differences, identify the characteristics in order of significance.**

- Identify key characteristics where the physical differences are significantly different and it is not meaningful to compare models with different physical characteristics.
- Identify the physical characteristics that can be reported in relation to sales and cost data respectively. This should be reflected in the sales data provided in appendices A4 and A6.
- Complete the table below having regard to the information provided above. The Commission will consider this information in establishing a model control code structure for the investigation.

Category	Sub-category	Sales Data	Cost data	Key category
Aluminium extrusion < 200 g/m	Flyscreen – mill finish	Mandatory	Mandatory	Yes
	Flyscreen – powder coated	Mandatory	Mandatory	Yes
	Flyscreen - anodised	Mandatory	Mandatory	Yes
	Hollow tube – mill finish	Mandatory	Mandatory	Yes

Alushapes has determined cost data for micro-extrusions (as distinct from general aluminium extrusions) for the purposes of cost data presented in this application. It is Alushapes' view that the two Chinese exporters the subject of this application can provide similar cost information for the purposes of investigation.

A-4 The Australian market

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

Both the local products and the equivalent imported products are used for the same applications. For example, the flyscreen extrusions which are supplied to the end market in 5 metre lengths, generally powder coated, are used for the same applications e.g. the manufacture of domestic window flyscreen frames, whether the local product or the imported product. Likewise, aluminium extrusion tubing both imported and local can be used for TV aerial manufacture interchangeably.

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 Australian supply channels to market for the micro-aluminium extrusions, the subject of this application, are as follows:

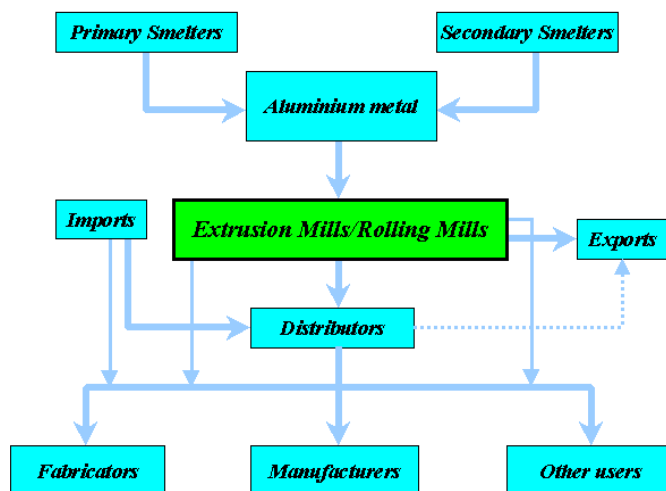
- Distributors/stockists of imported and/or locally manufactured general extrusions and micro-extrusions.

These companies generally have warehouses located around Australia e.g. Alspec (associated with Australian extruder Inex), Ullrich Aluminium (have own Australian extrusion plant), Capral (have own Australian extrusion plants), Darley Aluminium (major importer stockist), BlueScope Distribution (distributor of imported and local extrusion), Abra (importer/stockist), etc. These companies import or source from importers their micro-extrusions for supply to users e.g. building contractors, specialist manufacturers of products using the micro-extrusions e.g. flyscreen manufacturers and TV aerial manufacturers, major window manufacturers e.g. Trend, Bradnams, etc;

- Other Australian extruders e.g. Capral, Ullrich, Extrusion Profiles Australia, supply locally manufactured general extrusions and imported micro-aluminium extrusions, either directly to “mill customers” or through their associated distributor/stockist entities;
- Independent powder coaters and anodisers, source mill finished micro-extrusions from the above distributors, and import and source locally. These companies supply window manufacturers and provide surface treatment service to the distributors and the window manufacturers.

The market for these micro extrusions is very price competitive and will generally seek the lowest priced product.

Alushapes has obtained the following detail from the Australian industry application in Investigation No. 362 which depicts 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 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 circumstances where the size and simplicity of order is such as not to upset relationships between the producer and major distributors.

Extrusion 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 LME premiums, conversion costs 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 (i.e. customer exclusives) 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.

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

There are no commercially significant substitutes for the goods the subject of this application (i.e. micro-aluminium hollow extrusions).

4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.

Alushapes has completed Confidential Appendix A1 detailing production volumes in 2018/19 (for micro-extrusions). Alushapes is the only specialist Australian producer of hollow micro-extrusions and accounts for a majority (i.e. greater than 50 per cent) of Australian production. Extrusion Profiles Australia (“EPA”), Capral Limited, Extrusions Australia, Ullrich Aluminium and G James have provided support to this application (please refer to Confidential Attachments A-4.4.1 to A-4.4.5). [*Commercially sensitive details concerning production of micro-extrusions by one Australian producer*]. Flyscreen profiles, of which Alushapes is the only Australian manufacturer who offers these profiles commercially to third party customers, is by far the largest product type in the hollow micro-extrusions market.

5. Complete appendix A2 (Australian market).

Confidential Appendix A2 – Australian Market for micro-extrusions has been completed by the applicant.

6. Use the data from appendix A2 (Australian market) to complete this table:

Indexed table of sales quantities

Period	(a) Your Sales	(b) Other Aust ⁿ Sales	(c) Total Aust ⁿ Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	Total Market (c+f)
2015/16	100	100	100	100	100	100	100
2016/17	69.5	100	82.4	119.3	73.7	99.9	99.9
2017/18	68.9	100	82.0	147.0	80.8	118.8	118.8
2018/19	57.4	100	75.4	147.8	93.4	124.6	124.6

Notes: Data is based on years ending 30 June.

The Australian market for micro-extrusions has grown over the four year period 2015/16 to 2018/19, along with the broader aluminium extrusions market. Alushapes’ volumes, however, have not

experienced or participated in any market growth due to the flat-pricing policies of Chinese exporters of micro-extrusions. It is Alushapes understanding that although there are quantities of micro-extrusions imported from countries other than China e.g. Malaysia, Vietnam and Thailand, these are only relatively minor when compared with imports from China.

A-5 Applicant's sales

1. Complete appendix A3 (sales turnover).

Alushapes has completed Confidential Appendix A3 for goods sold by the company and for like goods.

2. Use the data from appendix A3 (sales turnover) to complete these tables.

Alushapes has completed Confidential Appendix A3.

*Indexed table of Applicant's sales quantities**

Quantity	2015/16	2016/17	2017/18	2018/19
All Products				
Aust. Market	100	116.8	116.6	105.5
Export Market	100	100.0	100.0	100.0
Total	100	116.8	116.6	105.5
Like Goods				
Aust. Market	100	69.5	68.9	57.4
Export Market	100	100.0	100.0	100.0
Total	100	69.5	68.9	57.4

Alushapes has increased all sales of locally produced aluminium extrusions over the four-year period identified above. Sales of like goods over the same period, however, have declined. Alushapes does not export aluminium extrusions.

*Indexed table of Applicant's sales values**

Revenues	2015/16	2016/17	2017/18	2018/19
All Products				
Aust. Market	100	117.6	126.7	109.5
Export Market	100	100.0	100.0	100.0
Total	100	117.6	126.7	109.5
Like Goods				
Aust. Market	100	60.7	62.8	52.4
Export Market	100	100.0	100.0	100.0
Total	100	60.7	62.8	52.4

Alushapes sales values of locally produced micro-extrusions have declined across the four-year injury period as reflected in the above tables. Alushapes does not export aluminium extrusions.

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.**

Alushapes has not imported the goods or purchased from other Australian suppliers over the nominated periods. Confidential Appendix A5 is therefore not completed.

4. **Complete appendix A4 (domestic sales).**

Alushapes has completed Confidential Appendix A4 for the period 1 October 2018 to 30 September 2019.

5. **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.**

Alushapes is not related, nor does it have an association, with any of the customers listed at Confidential Appendix A4.

6. **Attach a copy of distributor or agency agreements/contracts.**

Alushapes does not utilise a distributor or third party agency for the sale of the goods.

7. **Provide copies of any price lists.**

Alushapes does not utilise general price lists for the goods, the subject of this application. Pricing is on a customer by customer basis and is updated by email monthly adjusting for changes in the London Metal Exchange price of aluminium.

8. **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.**

Alushapes does not provide rebates for sales included in Confidential Appendix A4.

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.**

Alushapes has included two sets of commercial documentation for the period 1 October 2018 to 30 September 2019 at Confidential Attachment A-5.9.

10. **Provide a list of model control codes from appendix A4.**

The goods covered by the application are micro-extrusion hollow profiles like flyscreen profiles and thin walled hollow tube.

A-6 General accounting/administration information

1. Specify your accounting period.

Alushapes financial year is 1 July to 30 June.

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

Alushapes records are maintained at 5-7 Warringah Close, Somersby, NSW 2250.

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;**
Please refer to Confidential Attachment A-6.3.1.
- **audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);**
Alushapes financial accounts are compiled by chartered accountants BDH Leaders Pty Ltd and partially audited.
- **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.**

Alushapes has included its annual financial statements for the years ending 30 June 2017 and 2018 and Draft accounts for the year ending 30th June, 2019 at Confidential Attachments A-6.3.2 & A-6.3.3 and A-6 3.4. (The financial statements for 30 June 2019 are not finalised at time of lodgement of application). The internal management accounts through to September 30th 2019 have been included.

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.

Please refer to Confidential Attachments A-2.9.

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

Generally accepted accounting principles are applied by Alushapes.

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;**

Revenue from the sale of goods is recognised upon the delivery of goods to the customer and when the control of goods passes to the customer.

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

Bad debts are written off once all avenues for recovery are exhausted. No provision for doubtful debts in 2017 and 2018 financial years. Provision for \$95k debts relating to two debtors in receivership in the June 30th 2019 financial year.

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

General expenses and interest are not allocated to cost of goods.

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

Costs are allocated on a direct basis to tonnes produced.

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

Weighted average cost.

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

Measured at cost or net realisable value.

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

Measured at cost or written off.

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

Fixed assets are measured at cost.

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

Refer attached depreciation schedule (Confidential Attachment A-6.3.4). Note, dies are not included in the depreciation schedule but are depreciated over 15 years.

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

Not applicable during the injury period.

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

Not applicable during the injury period.

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.**

No change in accounting methods across the injury period.

A-7 Cost information

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

Alushapes sells all of its production domestically in Australia and does not export aluminium extrusions. Alushapes has therefore completed Confidential Appendix A6.1 only.

2. Provide a list of model control codes from appendix A6.1 and A6.2.

As indicated, Alushapes has detailed micro-extrusion cost data as a single category only.

A-8 Injury

The principal indicators of injury are prices, volumes and profit effects – although not all of these must be evident. For this application, profit refers to amounts earned. Profitability is the ratio of profit to sales revenue. Where injury is threatened, but has not yet occurred, refer to question C.2.

1. Estimate the date when the material injury from dumped and/or subsidised imports commenced.

Injury to Alushapes has continued across the four year injury period from 2015/16 to 2018/19 as the flat-priced, dumped micro-extrusions from China have prevented Alushapes from increasing sales volumes in an expanding market (and has hence failed to achieve the productivities which result from higher production and sales volumes).

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model control code of your production. Pⁿ is the most recent period.

Index of production variations (model control code)

Period	2015/16	2016/17	2017/18	2018/19
Index	100	69.5	68.9	57.4

Data from label A of appendix A6.1

Alushapes produces hollow micro-extrusions for sale. Production levels have deteriorated from the levels of 2015/16 as dumped exports from China have continued to dominate the market for flyscreen and small hollow-shaped profiles and have prevented AluShapes from significantly expanding its sales volumes into the hollow micro-extrusion market.

Index of cost variations (model control code)

Period	2015/16	2016/17	2017/18	2018/19
Index	100	100.2	101.2	111.5

Data from label J of appendix A6.1

Alushapes has been prevented from achieving economies of scale in the hollow micro-extrusion segment of the broader aluminium extrusions market due to general flat pricing practices of Chinese exporters causing cross-subsidisation of the micro-extrusions by the profitable larger extrusions.

Index of price variations (model control code)

Period	2015/16	2016/17	2017/18	2018/19
Index	100	108.6	113.4	113.6

Data from label L of appendix A6.1

Alushapes pricing for the goods has not kept pace with increases in raw material aluminium ingot over the last twelve month period. In 2018/19, Alushapes costs have increased by approximately 10 per cent, with Alushapes selling prices remaining flat as Alushapes competes with the dumped imports from the two Chinese exporters.

Index of profit variations (model control code)

Period	2015/16	2016/17	2017/18	2018/19
Index	100	133.9	155.8	95.4

Data from label N of appendix 6.1

Alushapes has experienced [*commercially sensitive profit details*] for the goods under consideration across the injury period.

Index of profitability variations (model control code)

Period	2015/16	2016/17	2017/18	2018/19
Index	100	145.4	176.6	108.4

Data from label O of appendix A6.1

As indicated above, Alushapes profit and profitability has been [*commercially sensitive profit details*] across the four-year injury period.

3. **Complete appendix A7 (other injury factors).**

Where applicable to injury claims, prepare an indexed table for other injury factor(s) in the format above.

Index of Employment

Period	2015/16	2016/17	2017/18	2018/19
Index	100	94.1	100.0	88.2

*use data from appendix A7

Alushapes has reduced its employment numbers in 2018/19 to reduce fixed costs to remain competitive with imports for all aluminium extrusion production.

Index of capital investment

Period	2015/16	2016/17	2017/18	2018/19
Index	100	114.0	77.4	40.6

*use data from appendix A7

Alushapes has reduced its capital expenditure in the last three years as it competes with imports of aluminium extrusions, primarily from China.

Index of capacity utilisation

Period	2015/16	2016/17	2017/18	2018/19
Index	100	89.8	88.9	73.3

*use data from appendix A7

Alushapes' capacity utilisation for micro-extrusions has declined over the most recent three year period.

Alushapes can demonstrate that it has experienced injury through its inability to penetrate the markets of dumped micro-extrusions which has caused it to suffer in the form of a number of indicators including:

- reduced employment numbers;
- reduced capital investment;
- reduction in capacity utilisation;
- inability to grow into available invested production capacity;
- increase in stock levels,

Which relate equally to its broader aluminium extrusions manufacturing business (as well as the goods the subject of tis application).

It is estimated that AluShapes has lost opportunity to improve its profitability by \$xxxxM in the 10 years since it has been able to manufacture the goods in question. It is also estimated that a further \$0.72 M will be forgone in the year ending 30 June 2020.

A-9 Link between injury and dumped or subsidised imports

To establish grounds to initiate an investigation there must be evidence of a causal relationship between the injury and the alleged dumping or subsidisation. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped and/or subsidised imports on your quarterly sales volume and market share.

There are nine aluminium extrusion manufacturers in Australia. Alushapes began in 1999 with a niche six-inch indirect press (now decommissioned) aimed at the OEM smaller profile size end of the market. In 2011, Alushapes invested \$xx Million in a seven-inch short stroke press and associated buildings and machinery and working capital, while it has expanded its range of production from profiles with a diameter of the circumscribing circle of maximum 95 mm to 230 mm maximum, Alushapes is still the specialist Australian extruder of smaller extrusions and is Australia's only extruder specialising in producing profiles in the micro-extrusion end of the size range (i.e. less than 200 gram/metre), particularly the more complicated hollows like flyscreen profile and thin walled tubing. Bespoke (customer exclusive) micro-extrusions, generally only solid profiles in small quantities (not included in this application), are produced by some of the other extrusion manufacturers to complement their range of larger extrusions.

Alushapes has continued to develop this micro-extrusion niche capability, particularly its hollows micro-extrusion capability, namely flyscreen profile for which AluShapes is the only Australian extruder.

Since the mid-2000s the micro-extrusion profiles (except for some bespoke solid profiles in small quantities per profile) in Australia have generally been all imported – except for the local production by Alushapes. Most imports of micro-extrusion profiles have originated from China. Flyscreen frame profiles and small geometric profiles like angles and small diameter tube are in this category and account for approximately [market estimate] tonnes per annum. Of this volume approximately 10 per cent is in mill finish with 90 per cent in powder coating finish.

The published monthly Australian Bureau of Statistics (“ABS”) import data does not separate micro-extrusions of less than 200 g/m via a single statistical code. All micro-extrusions are included in the relevant subheading and statistical code for all aluminium extrusion profiles.

The size of the Australian micro-extrusion market is based upon Alushapes understanding of the flyscreen and geometric extrusion markets in Australia as the sole specialist Australian manufacturer in this niche market. Alushapes has been unable to increase production and sales into this niche market of approximately [market estimate] tonnes due to the “flat-pricing” behaviour of Chinese exporters which have been practised since the early 2000s.

Alushapes' sales volumes have been unable to grow significantly since 2015/16 as Alushapes competes head-to head with dumped, “flat-priced” Chinese exports of micro-extrusions (i.e. aluminium extrusions less than 200 gm/metre). The dumping influence of cross-subsidised flat pricing on hollow micro-extrusions is particularly apparent with powder coated flyscreen where the imported product applies an extra cost of around \$xxxx/kg to the mill finished extrusion while the powder coating cost in Australia is \$xxxx-xxxx per kg when applied to mill finished Australian flyscreen product (refer Confidential Attachment A-9.1 for further details).

Alushapes is unable to compete with exports of hollow micro-extrusions sourced from the two largest Chinese exporters – Gunagdong Jiangsheng Aluminium Co., Ltd (“Jiangsheng”) and Guangdong Zhongya Aluminium Co., Ltd (“Zhongya”). Customer feedback to Alushapes confirms that both exporters supply hollow profiles (particularly powder coated flyscreen profiles) into the Australian market at prices that undercut Alushapes mill finish and powder coated products. As a consequence, Alushapes has experienced a deterioration in sales volumes from a low base of hollow profiles over the last four-year period but more importantly has not achieved

significant growth as it is advised that it is 'uncompetitive' with the imports sourced from Jiangsheng and Zhongya.

2. **Use the data at appendix A2 (Australian market) to show the influence of the price of dumped and/or subsidised imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.**

In order to be able to address the influence of the price of the dumped and subsidised imports on Alushapes quarterly prices, profits and profitability (as per Confidential Appendix A6.1), it is first necessary to understand the pricing policies of the Chinese exporters of aluminium extrusions.

Aushapes is the only specialist manufacturer of hollow micro-extrusions in Australia as all of the other extrusion manufacturers and/or their distributor/manufacturer associates prefer to import or source from importers the dumped micro-extrusions from China to supplement the whole range of products supplied to the Australian market (except for some bespoke i.e. customer exclusive solid micro-extrusions supplied in small quantities per profile). This is a major distortion in Australia's manufacturing offer and has come about from the "flat pricing" practices introduced by the Chinese exporters in the early 2000s.

The Chinese exporters introduced flat pricing (in \$ per kg terms) for marketing expediency (i.e. selling at the same nominal price, for example \$4.50 per kg, across the range of aluminium extrusions from very small to large profiles, which greatly simplified their offer to the Australian market and opened the doors for large volumes of exports to Australia from China. This was a very penetrating way for the Chinese exporters to sell to Australian distributors and to quickly gain a large share of the Australian market in the early to mid 2000s. The flat pricing behaviour led to the effective cross-subsidisation of micro-extrusions by the much larger volumes of larger sized extrusions being imported.

The impact on the Australian extruders and distributors was the breakdown of the hitherto established 'cost-plus' pricing practices, where pricing was related to the cost of production, generally the larger the profile (with the exception of the very large structural profiles), the lower the cost in \$/kg of product. In other words, the small profiles, when 'cost-plus' priced, were higher priced than the lower production cost (\$ per kg) larger profiles (as smaller profiles involve a slower extrusion process than larger profiles i.e. less kg per hour of production for small profiles).

Alushapes, with its established niche supply to OEM manufacturers at the time, continued this cost plus practice until around 2011 by which time most of its customers were forced offshore due to the rising Australian dollar.

To protect their markets the other Australian extruders, on the other hand, followed the importers' pricing practice with flat pricing. This meant that for small profiles and micro-extrusions their selling prices were no longer able to cover the cost of their manufacture in Australia. The consequence of this was that production of micro-extrusions in Australia was largely discontinued by all local manufacturers with the exception of Alushapes who continued to extrude and supply these profiles into its declining niche markets on a cost-plus basis.

The distortion caused by the Chinese exporters' flat pricing and its 'cross-subsidisation' of small extrusions (by taking profits on large profiles) is an effective additional dumping discount applied at the micro sized extrusion end of the range. The effect of this 'double dumping' has prevented Alushapes from accessing a significant and growing market of micro-extrusions that includes flyscreen profiles and (although not included in this application) light weight geometric profiles such as angles and tubing. The market for micro-extrusions is driven by growth in the housing and building industries that have experienced sustained growth since 2011. Alushapes has not been able to participate in this growth and obtain a significant share of the market due to the flat-pricing policies of the Chinese exporters of micro-extrusions.

Alushapes is also familiar with the *PanAsia* Federal Court decision of 2012 that limited the impact

of dumping margin calculations on a model-by-model basis and resulted in weighted-average dumping margin calculations. It is Alushapes understanding that the majority of exports of hollow micro-extrusions to Australia from China are by the two Chinese exporters not the subject of anti-dumping measures, namely:

- Guangdong Jiangsheng Aluminium Co., Ltd; and
- Guangdong Zhongya Aluminium Co., Ltd.

Alushapes understands that Jiangsheng supplies Australian importers [*Commercially sensitive details concerning Australian based customers*]. Zhongya supplies [*Commercially sensitive details concerning Australian based customers*]. There are some smaller exports by other Chinese exporters, however, these exports are the subject of measures already in place.

Example 1

Alushapes is in [*commercially sensitive discussions with customer*] , and customer for flyscreen extrusions. [*Customer*] specifications are as follows:

[redacted specifications to ensure identity of customer remains confidential]

[*Customer*] advised of a 'target' price for Alushapes to be competitive for powder coated flyscreen, namely: LME + MJP plus A\$xxxx/kg mill plus A\$xxxx per sqm powder coating.

Alushapes trials [*commercially sensitive pricing details from Alushapes to customer*].

Alushapes is therefore uncompetitive with the dumped offers for comparable [*model and model*] from China.

Example 2

[*Customer*] is an importer of flyscreen profiles. [*Details relating to identification of customer*].

The profile required by [*customer*] is bowed [*profile details – commercially sensitive*] Alushapes quoted [*customer, and date of pricing offer*] for a one-off tooling cost for the die (as is industry practice) of \$xxxx plus gst with a price per unit of A\$xxxx plus gst.

[*Customer*] provided the following feedback on 26 March 2019:

"As you know, in order to make a product commercially viable, the final price to our customers is key.

[Customer] have been sourcing material from off shore for many years and as such have built a large network of customers. Given the nature of certain products, these profiles in particular return very little margin at best, however they form part of our extensive range.

[Confidential commentary about the pricing offered by Alushapes]

Unfortunately it is not just being able to produce the product, it also needs to be competitive against other companies that are also selling similar product and have sourced elsewhere.

[*Customer's*] feedback confirms that Alushapes' offer for the supply of flyscreen profiles was uncompetitive with the Chinese supplier from which it regular purchases imports. Additionally, it

is noted that [customer] referenced competition with other suppliers to the Australian market, which would include Jiangsheng and Zhongya.

Example 3

[Customer] is an importer of micro-extrusions, including flyscreen profiles. [Customer] requested Alushapes to provide a quotation for the supply of the following two profiles:

[redacted specifications to ensure identity of customer remains confidential]

Quotations were required for mill finish and powder coating for both products. Quotations provided were for:

[commercially sensitive pricing details from Alushapes to customer].

Alushapes provided quotations for [customer]. Alushapes was notified that it was not competitive with [customer] supply from imports.

Alushapes understands that [customer] imports a large volume of micro-extrusions circa [volume] tonnes p.a.

Example 4

In 2018 Australian [manufacturer of goods, company name], sought exemption from import duties applied to two extrusion profiles sourced from a Chinese extruder (understood to be name of exporter) through importer [name of importer, and goods] [Company] advised the ADC that in their knowledge only AluShapes would manufacture in Australia one of the two products, the micro small diameter product (unique customer-specific specifications), while the second larger extrusion was more generally available from Australian extruders.

AluShapes made contact with [company name] and advised that they could supply the [product] to the specifications required. AluShapes sent through a quotation for a trial supply of the product, but did not receive a positive response. [Company name] regarded AluShapes' price as uncompetitive and did not pursue the domestic supply option thereafter. This is a further indication that, despite import duties being applied to the [company name] imports across the range (Alushapes considers the dumping margin applicable to micro-extrusions is much higher than that determined generically across all aluminium extrusions), the AluShapes product was not competitive due to the additional dumping effect of flat pricing at the micro extrusion end of the extrusion size range.

Example 5:

Australian extruder [Company name] have recently gained a window profiles contract with a major Australian window manufacturer (company name), who previously sourced extrusions from offshore. The bulk of the contract involves general window extrusions which [customer and activities involved] and also a smaller quantity of flyscreen frame profile, which [customer and confidential supply details].

The losing offshore supplier would however not continue to supply the flyscreen component of the contract without retaining the bulk larger extrusion share, presumably because it would not be profitable without the cross-subsidisation that the larger extrusion share provides. [Company] contacted AluShapes and intend to round out the overall Australian supply contract

with flyscreen profile from Alushapes [*commercially sensitive details of pricing*]. This in essence the practice that “flat pricing” has achieved for the Chinese importers, except this time the bulk supplier [*company and commercially sensitive pricing information*] has cross-subsidised the flyscreen profile supplied by Alushapes to enable it to supply all of the profiles included in the contract.

Further considerations:

The preceding examples confirm that the prices for imported flyscreen profiles by distributors and end-users in Australia are lower than the price offers from Alushapes. It is further considered that the Chinese exporter Guangdong Jiangsheng is the supplier of Chinese micro-extrusions for a significant proportion of the above price competition examples (refer Confidential Attachment A-9.2.1 concerning Guangdong Jiangsheng supply to *customer name*). [*Commercially-sensitive details re supply arrangements for imported product*]. Alushapes has a good working relationship with [*entity*] and has been a regular supplier to [*entity*] with aluminium extrusions as required to complement [*entity*] predominant sourcing from Zhongya (Please refer to Confidential Attachment A-9.2.2).

Alushapes has therefore encountered price undercutting in the micro-extrusions market in Australia that has expanded (due to year-on-year growth) across the injury period. Alushapes has been unable to participate in this growth in the market. The price undercutting experienced has resulted in reduced sales volumes and price suppression, resulting in negative profits and profitability in the micro-extrusion business. It is estimated that the injury since Alushapes has the capability to supply flyscreen profile from 2009, has been in the region of \$xxxx million in lost profits.

3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped and/or subsidised imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

Alushapes is a supplier of a wide range of aluminium extrusions to the Australian market from small to large profiles. Alushapes is the sole specialist Australian manufacturer into the hollow micro-extrusion market (i.e. less than 200 g/m) and produces flyscreen and hollow profiles to a number of customers and competes with dumped and subsidised Chinese exports to Australia of micro-extrusions.

Alushapes estimates that the Australian market for hollow micro-extrusions for which the dominant share is flyscreen profile is approximately [*volume*] tonnes per annum. There exists further demand (not the subject of this application) for geometrical profiles including angles, rectangles, tubes, solid rounds and squares, etc which is estimated at approximately [*volume*] tonnes. There is also a ‘bespoke’ (customer exclusive) market for micro-extrusions estimated at [*volume*] tonnes per annum (not included in this application) in which other Australian extruders participate “under sufferance” to complement their range of larger and more profitable extrusions in their supply contracts to customers.

Alushapes has been supplying approx. [*volume*] tonnes p.a. into the hollow profile micro-extrusion market. The company can readily supply [*volume*] tonnes per annum of hollow micro extrusions into the market, however, it is disadvantaged by the “flat pricing” strategy of Chinese extruders that dump micro-extrusions on the Australian market. As the Chinese export prices for micro-extrusions are not related to the cost of production and are sold at a loss to distributors in Australia, Alushapes is competing with price undercutting on every sale for flyscreen profiles and geometrical profiles.

Chinese export prices for micro-extrusions are priced below Alushapes’ cost-to-make-and-sell (“CTMS”) as reflected in Confidential Appendix A6.1 across the injury period. The impact of the dumping on Alushapes’ CTMS over the last two years has been significant as LME aluminium prices have risen by up to 30 per cent from the levels of 2015/16 and Alushapes has not been able to competitively supply against dumped prices from Jiangsheng and Zhongya. It should be

noted that the Australian market has expanded from 2015/16 to 2018/19 and Alushapes has been unable to participate with significant volume in this market growth due to the dumping of micro-extrusions by the two exporters.

- 4. The quantity and prices of dumped and/or subsidised imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped and/or subsidised imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.**

Alushapes invested \$xx Million in a new extrusion press and associated equipment and buildings in 2011 with the capability of producing a broad range of extrusions from small to large. Alushapes is the only specialist Australian manufacturer that is committed to produces micro-extrusions – i.e. less than 200 g/m and is a supplier of products that falls within this range.

Alushapes has the invested production capacity – and is willing to double its production shifts, including employing additional factory staff – to capitalise on the existing imported volume now being supplied to the Australian market by dumped cross-subsidised micro-extrusion Chinese product. This would improve production cost efficiencies at AluShapes which would be achieved by more than doubling the volume output from its extrusion plant.

The current returns for Alushapes in micro-extrusion supply are inadequate. Alushapes is competing with the two largest Chinese exporters of aluminium extrusions to Australia that are not the subject of anti-dumping measures. These Chinese exporters are not subject to the constraints of anti-dumping measures and are able to cross-subsidise exports of micro-extrusions with the profits achieved on high volume, larger profile sections exported to Australia.

Alushapes estimates that the dumping of micro-extrusions is preventing it from accessing a further \$xxx m p.a. market in sales revenue (low end of *volume* tonnes p.a.) that has the potential to enable Alushapes – at fair market prices - an adequate return on investment that would support future investment of powder coating line at Alushapes' premises at Somersby (estimated cost \$xxx M).

AluShapes further estimates that over 10 years to June 2019 it has foregone \$xxxx M in lost profits due to dumping of micro extrusions. AluShapes estimates it will lose a further \$xxxx M in profits in the year to June 30th 2020. Beyond this date, AluShapes estimates it will forego a further \$xxx m p.a. in lost profits.

These estimated lost profits represent the difference over the last 11 years between a marginally profitable /breakeven business and one that would return xx-xx% profit on sales which would support the growth of the business with additional shift utilisation, investment in a dedicated powder coating plant for flyscreen and potentially a second extrusion press (total \$xx-xx M), all leading to the ongoing viability of the business and the growth of employment on the Central Coast of NSW of up to xx-xx new employees.

Alushapes competes in the hollow micro-extrusion market in Australia with predominantly Chinese exports that are not the subject of current measures. The Chinese exports of Jiangsheng and Zhongya are at margins of significant dumping of 92 to 115 per cent, due mainly to the actual selling prices of the imports not reflecting the fully CTMS of powder coated product. Alushapes is experiencing injury in a range of economic indicators (including sales volumes and price). These economic indicators include:

- reduction in capacity utilisation; AluShapes is operating at around 1 shift 5 days a week, whereas throughput could rapidly be ramped up to in excess of two shifts 5 days a week.
- reduced capital investment; A fully utilised current facility would generate the

- returns to enable capacity expansion and on-processing investments to be made.
- reduced employment: Improved capacity utilisation and growth results in more employment growth at production, supervision and administration levels.

Alushapes submits that it would experience improvements in these economic indicators if it did not have to compete with the significant dumping by Jiangsheng and Zhongya and this would enable it to improve its local production and sales of hollow micro-extrusions.

5. Describe how the injury factors caused by dumping and/or subsidisation and suffered by the Australian industry are considered to be ‘material’.

Alushapes is categorised as an “SME” – that is, a small to medium enterprise with less than 200 employees and less than \$50-Million in turnover. The company does not have complex financial reporting, nor does it consider itself to influence pricing on the Australian market.

Alushapes, however, does produce hollow micro-extrusions for supply to the Australian market. It is the sole Australian aluminium extrusion manufacturer that is willing to supply more complex micro-extrusions such as hollow flyscreen to the Australian market from its Somersby production facility. As a supplier of slightly more than 100 tonnes of micro-extrusions per annum, Alushapes is prevented from growing its capability to produce and supply from local production into the approximate [*market estimate*] tonne per annum micro-extrusions market. Alushapes is experiencing losses on its production of hollow micro-extrusions and seeks to grow its market share against imports that are priced at “fair” prices.

The injury that Alushapes has experienced and continues to experience is “material” as the dumping of hollow micro-extrusions by Jinagsheng and Zhongya does not enable Alushapes to improve its production and sales volumes of the goods to enable it to improve production cost efficiencies and provide an adequate return on business for goods in this market. Alushapes’ sales values for less than 200 g/m hollow profiles have deteriorated by approximately 50 per cent since 2015/16, with sales volumes down by approximately 42 per cent.

Alushapes is a small to medium enterprise (SME) that offers quality mirco-extrusions in a niche market. The impact of the dumping from Jiangsheng and Zhongya stifles Alushapes’ capability to achieve economies-of-scale and materially expand its business (including with additional reinvestment). The injury experienced by Alushapes has been material and is considered a real and imminent threat to the future production of micro-extrusions in Australia.

6. Discuss factors other than dumped and/or subsidised imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping and subsidisation.

Alushapes is subject to the same influencing factors as each of the other aluminium extrusion companies in Australia including higher energy costs and the dumping and subsidisation of imports. There has been an approximate 30 per cent increase in electricity costs between 2016 and 2019 which Alushapes has not been able to pass on to customers of hollow profile micro-extrusions. The increased energy costs further exacerbate Alushapes inability to compete with the dumped exports from Jinagsheng and Zhongya for supply to the Australian market.

7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped and/or subsidised imports, forecast their impact on your industry’s economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.

Alushapes is requesting the Commission to commence an investigation into the dumping of hollow micro-extrusions (less than 200 gm/metre of length) exported to Australia from China. Alushapes has been a local supplier, and continues to supply, micro-extrusions into the

Australian market that includes flyscreen profiles and geometrical profiles such as angles, tube and solid profiles. Alushapes has experienced stagnant and in some segments, declining sales volumes, and an inability to penetrate significant volume customers as these customers continue to source from offshore due to the more attractive selling prices for Chinese micro-extrusions that are based upon a flat-pricing structure from the two Chinese exporters Jinagsheng and Zhongya that cross-subsidise the micro-extrusions from returns achieved on the high volume, larger profiles.

Alushapes considers that the two nominated Chinese exporters of micro-extrusions to Australia engage in cross-subsidisation (resulting from a general flat pricing behaviour) of hollow micro-extrusions by general aluminium extrusions products, irrespective of the cost of manufacture of the exported goods (rather than “cost-plus” pricing for finish types whether specialised extrusions or coating). Alushapes has examined export prices to Australia and has determined prima facie dumping margins during the fifteen-month period to 31 May 2019 in the range 92.87 per cent to 115.79 per cent. Dumping margins of this magnitude prevent Alushapes from competing fairly in the micro-extrusion market and to grow its volume sales to improve its capacity utilisation and its profit returns to permit Alushapes to re-invest in capital to supply this market segment.

In the event that anti-dumping measures were imposed, Alushapes would seek to grow its production and sales of locally produced micro-extrusions and double its production shifts at its Somersby facility. This would include a doubling of the manning levels on the extruder (currently xx-xx operators) and in its packing and despatch areas (adding another xx-xx personnel) along with another xx-xx persons in administration and supervision, and would reduce the fixed cost per unit (kg) of production of the extrusion operation, enabling significant economies of scale to be achieved and achieving profits on locally manufactured products.

Alushapes has demonstrated that it has experienced injury that is material from the dumped exports of micro-extrusions to Australia by the Chinese exporters Jinagsheng and Zhongya. Alushapes contends that if anti-dumping measures are not imposed to bring a fair level of pricing to the market for hollow micro-extrusions, the opportunity for supply from local manufacture will continue to be lost to imports. There exists a viable, existing market for the supply of Australian hollow micro-extrusions that continues to be closed (except for small infill quantities) to Alushapes due to the cross-subsidised flat-pricing strategies of large Chinese extrusion companies that supply big volumes of mill finished and powder coated extrusions which subsidise loss-making exports for hollow micro-extrusions.

Alushapes requests the Commissioner to commence an investigation into the dumping of hollow micro-extrusions to Australia from China and to impose provisional measures as early as practicable from Day 60 of a formal anti-dumping investigation.

PART B

DUMPING

IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

B-1 Source of exports

1. Identify the country(ies) of export of the dumped goods.

The country of export of the goods the subject of this application is the People's Republic of China ("China").

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

The country of export is understood to also be the country of origin of the goods.

3. If the source of the exports is a non-market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

China is not considered a non-market economy or an economy in transition for the purposes of Australia's Anti-Dumping and Countervailing provisions.

4. Where possible, provide the names, addresses and contact details of:

- **producers of the goods exported to Australia;**
- **exporters to Australia; and**
- **importers in Australia.**

The following companies are understood to be producers/exporters of aluminium micro-extrusions that has been exported to Australia from China at dumped prices:

- Guangdong Jiangsheng Aluminium Co., Ltd
Taishan City
Guangdong Province, China

(formerly Tai Ao Aluminium (Taishan) Co., Ltd).
- Guangdong Zhongya Aluminium Co., Ltd
No.4, D1 Block
Fengchi Material Market
Dali Town, Nanhai District
Foshan City Guangdong Province, China 528231
Tel: +86 757 8109 3134
Fax: +86 757 8118 9069

The following companies are understood to be importers (or buyers of importer) micro-extrusions from China into Australia:

- Guangdong Jiangsheng Aluminium (Australia) Pty Ltd
U9, 19-21 Central Road
Miranda, NSW, 2228
Tel: 02 9531 7281
- Darley Aluminium
10 Bridge Road
Keysborough Victoria 3171
Tel: 03 9238 3888
Fax: 03 9768 7288
- Alspec
3 Alspec Place
Eastern Creek NSW 2010
Tel: (02) 9834 9500

- ABRA Aluminium Pty Ltd
Saltwater Circuit
Narrangba Queensland 4504
Tel: (07) 5316 3500
- Star Alum
Ausstar Holdings International Pty Ltd
1/26 Redfern Street
Wetherill Park NSW 2164
Tel: (02) 8729 0680
- Olympic Aluminium Co Pty Ltd
606 Ballarat Road
Sunshine Victoria 3020
Tel: (03) 8361 2122
Fax: (03) 9363 6643
- Bradnams Windows and Doors
136 Zillmere Road
Boondall Queensland 4034
Tel: (07) 3131 3777
- A&L Windows & Doors
2/76 Quinns Hill Road East
Stapylton Queensland 4207
Tel: (07) 3451 4100
- Capral Limited
Level 4, 60 Phillip Street
Parramatta NSW 2150
Tel: (02) 8222 0113
Fax: (02) 8222 0130
- Ullrich Aluminium Pty Ltd
20 Ron Boyle Crescent
Carole Park QLD 4300
Tel: (07) 3718 1400
Fax: (07) 3271 1230

5. If the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

The imports from China exceed 3 per cent of all imports of micro-extrusions into Australia during the 2018/19 year. Please refer to Confidential Appendix A2.

6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application

The imports from China exceed 4 per cent of total imports into Australia during the 2018/19 year.

B-2 Export price

Possible sources of information on export price include export price lists; estimates from the Australian Bureau of Statistics; a deductive export price calculation from the Australian selling price of the imported goods; export sales quotations or invoices; foreign government export trade clearances.

1. Indicate the FOB export price(s) of the imported goods. Where there are different model control codes or levels of trade involved, an export price should be supplied for each.

Alushapes has obtained FOB export values from published Australian Bureau of Statistics ("ABS") import data. Micro-extrusions are included in the tariff subheadings identified at Section A-2 above, along with all other aluminium extrusions. It is therefore not possible to separately identify imports of micro-extrusions within the nominated categories. Alushapes has considered the subheadings of 7604 and 7608 for the purposes of identifying imports of like goods exported from China. It is acknowledged that there may be some minor volumes entered under the subheading 7610.

Alushapes has assessed the percentage of total imports from all source countries (including China) based upon the percentage that micro-extrusions represents in Alushapes total production of aluminium extrusions (i.e. in 2018/19 this represented xxxx per cent of total production and sales).

Alushapes further understands that exports to Australia by the Chinese extruders Guangdong Jiangsheng and Guangdong Zhongya represent approximately 50 per cent of the total exports of Chinese exports to Australia.

The following Table summarizes FOB export prices during the period 1 April 2018 to 30 September 2019.

Period	Qty (kg)	Value	A\$FOB per kg
Apr-Jun 2018	980,523	\$4,420,419	\$4.51
Jul-Sep 2018	951,747	\$4,475,308	\$4.70
Oct-Dec 2018	926,926	\$4,256,561	\$4.59
Jan-Mar 2019	920,951	\$4,190,449	\$4.55
Apr-Jun 2019	1,010,233	\$4,692,679	\$4.65
Jul-Sep 2019	755,097	\$3,451,070	\$4.57

2. Specify the terms and conditions of the sale, where known.

ABS import data publishes Customs Value for the imported goods which is at the FOB, port of export level.

3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.

Although Alushapes has relied upon published FOB export prices obtained from ABS data for the purposes of calculating dumping margins, the applicant has also calculated deductive export prices from quotations available to it during the periods Oct-Dec 2018 and Jan-Mar 2019. The selling prices relied upon for deductive export price calculations were obtained from customers already sourcing the goods from China and are considered contemporary.

The deductive export prices were sourced from discussions with a customer and a potential customer for the supply of powder coated hollow profiles (i.e. flyscreens). Costs for overseas freight, customs clearance and local transport have been obtained from Alushapes' Customs Broker. A 5 per cent importer profit has been used as representative for the industry (n.b. distributor profit margin is significantly higher).

Please refer to Confidential Appendix B-1 for deductive export price calculations.

4. It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.

Please refer to Confidential Appendix "ABS Import Summary" for details of imports for major source countries including China, Malaysia, Vietnam, New Zealand and all other countries.

B-3 Selling price (normal value) in the exporter's domestic market

Possible sources of information about domestic selling prices in the country of export include: price lists for domestic sales (with information on discounts); actual quotations or invoices relating to domestic sales; published material providing information on the domestic selling prices; or market research undertaken on behalf of the applicant.

1. State the selling price for each model control code of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.

Market Situation for aluminium extrusions

(i) Introduction

In investigation No. 248 the Commission considered that domestic prices in China for aluminium extrusions are not suitable for determining normal values under subsection 269TAC(1). The Commission established that the influence of the Government of China ("GOC") through a broad range of industry plans and policies that impacted raw material primary aluminium prices that caused these input prices to be artificially low. Due to the low input prices for primary aluminium – the key raw material cost input in the manufacture of aluminium extrusions – market selling prices in China for aluminium extrusions are rendered unsuitable for normal value purposes.

(ii) Customs Act provisions

Subsection 269TAC(1) of the *Customs Act* provides that the normal value of goods exported to Australia is the price paid or payable for like goods sold domestically in the ordinary course of trade in arm's length transactions.

Subsection 269TAC(2)(a)(ii) provides that where the normal value cannot be determined under subsection (1), where the Minister is satisfied that:

'...because the situation in the market of the country of export is such that sales in that market are not suitable for use in determining a price under subsection (1),'

the Minister may consider normal values in accordance with subsections 269TAC(2)(c) based upon the costs of production, or under subsection 269TAC(2)(d) based upon third country sales.

Subsection 269TAC(2)(c) provides that a cost construction of normal value includes the sum of the cost of production or manufacture in the country of export (on the assumption that the goods were sold domestically in the ordinary course of trade rather than being exported) and the administrative, selling and general costs associated with the sales and the profit on that sale.

(iii) Costs

Subsection 269TAC(5A) provides that the constructed costs must be determined in accordance with the Regulations.

Subsection 43(2) of the Regulations requires that if:

- The exporter keeps records relating to like goods that are in accordance with generally accepted accounting principles (GAAP) in the country of export; and
- Those records reasonably reflect competitive market costs associated with the production or manufacture of like goods;

the Minister must work out the cost of production or manufacture using information set out in the exporter's records.

With respect to the administrative, selling and general costs, subsection 44(2) requires that if:

- An exporter keeps records relating to like goods that are in accordance with GAAP in the country of export; and
- Those records reasonably reflect the administrative, selling and general costs associated with the sale of like goods;

the Minister must work out the cost of selling, general and administrative expenses using information set out in the exporter's records.

Where these pre-conditions are not met, the Minister can have regard to other information.

(iv) Dumping and Subsidy Manual

The Dumping and Subsidy Manual provides guidance on the determination of a market situation, namely¹:

"In considering whether sales are not suitable for use in determining a normal value under s.269TAC(1) of the Act because of the situation in the market of the country of export, the Commission may have regard to factors such as:

- *Whether the prices are artificially low; or*
- *Whether there are other conditions in the market which render sales in that market not suitable for use in determining prices under s 269TAC(1).*

Government influence on prices or costs could be one cause of 'artificially low pricing'. Government influence means influence from any level of government.

In investigating whether a market situation exists due to government influence, the Commission will seek to determine whether the impact of the government's involvement in the domestic market has materially distorted competitive conditions. A finding that competitive conditions have been materially distorted may give rise to a finding that domestic prices are artificially low or not substantially the same as they would be if they were determined in a competitive market."

It is considered by the Commission that the determination of a 'market situation' finding constitutes a positive test, having regard to the situation in the exporting market.

In Investigation No. 248, the Commission found in relation to aluminium extrusions exported from China²:

¹ Dumping and Subsidy Manual, P.36.

² Report No. 248, P.70.

“In this review of measures, the Commission has identified various GOC influences and interventions that have affected the markets for primary aluminium and aluminium extrusions in China. These have been identified in the form of:

- 1. The GOC’s broad, economic policies and plans that outline aims and objectives for the Chinese aluminium industry, as set out in the 12th Five-Year Plan (FYP); and*
- 2. Implementing measures that go towards executing the aims and objectives of the 12th FYP and other pressing government concern.”*

The Commission identified the GOC’s implementing plans for the aluminium industry included the following:

1. The 12th Nonferrous metals five-year plan;
2. The Directory Catalogue on Readjustment of Industrial Structure;
3. Guidelines for Accelerating the Restructuring of the Aluminium Industry;
4. Nonferrous Metal Industry Adjustment and Revitalisation Plan;
5. Notice of the State Council on Further Strengthening the Elimination of Backward Production Capacities;
6. State Bureau of Material Reserve;
7. Export Tariffs on Primary Aluminium;
8. State owned Aluminium Smelters.

For a detailed explanation of each implementation activity in relation to the above identified objectives, please refer to Report No. 248 at Pages 71-79.

The Commission’s assessment of the impact of the implementation of the GOC’s plans and policies was that the influences and interventions continued to distort the competitive conditions of the primary aluminium industry in China. The Commission’s evaluation included the following:

1. Macroeconomic policies

As the architect of the FYPs, the Commission considers that the NDRC’s functions illustrate the situation in the Chinese market. That is, a main government body is tasked to manage and control China’s macroeconomy instead of allowing market forces to shape commercial dynamics and outcomes. As noted by the Commission above, the State Council released a plan in May 2013 to tackle overcapacity in a number of industries, including the aluminium industry. The State Council indicated that this plan would not force industries into submission, rather it would focus on “establishing and perfecting” market mechanism.

While a number of the GOC policies identified in the 2011 Directory Catalogue and Backward Production Capacity relate to certain environmental and social policies, such as reduction of outdated and high-cost technologies, the Commission considers that overall, the GOC policies can reasonably be considered to go towards the GOC’s policies of management and control of industries, as embodied in the NDRC’s functions:

- pushing forward strategic economic restructuring;*
- setting and adjustment of prices of important commodities that are regulated by the state;*
- control of important commodities;*
- planning of import and export volumes; and*
- coordination of industrial development.*

2. Nonferrous metals and aluminium-specific measures

Similar to findings in REP 181, the Commission considers that the 2011 Directory Catalogue and Backward Production Notice are examples of sub-policies and measures of GOC macroeconomic policies designed to implement the ‘aspirational’ aims of GOC policies, in

particular the 12th FYP. The Commission considers that the Nonferrous Metals FYP, Restructuring Guidelines, Merger Guidelines and Revitalisation Plans strongly suggest the GOC's influences and interventions in the aluminium industry. These policies establish GOC expectations of industry behaviours in mergers and acquisitions, business expansion, product development, exporting and resource management. The promulgation of these GOC measures suggests that competition and normal market forces are diminished or are supplanted by government policies and measures. As described in Part II above, the Commission identified examples of the GOC's policies that influenced the primary aluminium industry by mandating measures, such as the following:

- intervention by the GOC in reducing the overcapacity of aluminium production, for example by capping the national annual aluminium output;
- increasing mergers in the electrolytic aluminium industry in order to make it more competitive in the overseas market;
- increasing bauxite and alumina production (key materials for the production of aluminium);
- revitalisation plans designed to curb downward trends in key industries, such as the nonferrous metal industry; and
- imposing greater scrutiny of and additional government authorisations for new aluminium smelters.

The Commission notes that the GOC's attempts to curb local government subsidies to aluminium smelters highlight the continuing efforts by local governments to support aluminium producers by providing preferential pricing, such as electricity prices. It also highlights the apparent conflict between the central government and local governments in their policies towards aluminium smelters. In addition, the SBMR continues to purchase and stockpile significant quantities of aluminium from the domestic market, depending on the GOC's assessment of supply levels and domestic pricing. The GOC also influences the production of aluminium through state-owned aluminium smelters. As noted above, SOEs and SIEs together account for over 60% of the total national output. Further, the GOC actively controls the primary aluminium supply in China by limiting its exportation by imposing a 15% export tax. These GOC interventions underlines the GOC's active role in controlling the supply and demand (and hence pricing) of aluminium in the domestic aluminium market.

3. GOC reforms

During the review period, the Commission observed several examples of the GOC's attempts to reform the nonferrous metals and electrolytic aluminium industry. Certain GOC policies, such as capping of production capacity and limitation of smelters' power usage and restricting access to local government subsidies, were unveiled during the review period. News articles published during the review period report that the GOC seems to have made the reform of the aluminium industry as a priority. The Commission notes that the GOC's attempts at reforming the aluminium industry were also cited in REP 148 and REP 181. Both REP 148 and 181 referred to the GOC's attempts to address overcapacity through structural reforms and elimination of backwards capacity.

The Commission considers that while the GOC has signalled attempts to lessen government influence on the aluminium industry by way of local government subsidies, there has not been sufficient time for recent GOC reforms to address fully the chronic issues of government subsidies in the production of aluminium and other factors contributing to the glut of primary aluminium in the Chinese market. While there appears to be reform in local government subsidies, the central government continues to exert its influence through other policies and measures. The Commission also considers that certain industry analysts have expressed doubt about these reform programs succeeding due to:

- conflicts between the central government's policies and local governments policies;
- potential fallouts, such as widespread bankruptcy of aluminium producers; and

- *unrealistic expectations concerning production caps.*

Further in Report 248, the Commission examined the impact of the GOC's influences that distorted primary aluminium prices in China on the selling prices for aluminium extrusions. The Commission found that *"the significant GOC influences and intervention has resulted in domestic aluminium prices that are materially distorted and therefore, unsuitable for normal value purposes. In the circumstances, the Commission considers that it would not be reasonable to compare the LME, a global competitive market to the SHFE, a closed exchange that is restricted to Chinese nationals only, because the SHFE is affected by the distorted aluminium prices in China."*³

In quantifying the impact of the distorted primary aluminium cost on aluminium extrusion producers, the Commission noted that primary aluminium accounted for 70-80 per cent⁴ of the cost of aluminium extrusions. It is therefore reasonable to conclude that the GOC's plans and implementations on primary aluminium have an impact of the selling prices for aluminium extrusions rendering them unsuitable for normal value purposes.

(vi) This application

It is Alushapes' position that the GOC's policies and plans for the primary aluminium industry in China have continued to impact selling prices for aluminium extrusions in China in 2018/19, the probable investigation period for this application.

The GOC has not withdrawn or denounced the plans and policies identified by the Commission in Report 248 and they have continued to impact and distort domestic selling prices for the goods in China.

Normal values for aluminium extrusions in China therefore cannot be determined under subsection 269TAC(1). Normal values for aluminium extrusions in China must be determined under subsection 269TAC(2)(c) having regard to the provisions of Regulation 43(2).

Refer to Section B-4.1 for the assessment of normal values for aluminium micro-extrusions manufactured in China.

2. Specify the terms and conditions of the sale, where known.

Please refer to Section B-4.1 below.

3. Provide supporting documentary evidence.

Please refer to Section B-4.1 below.

4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

Alushapes is unable to identify other manufacturers of micro-extrusions in China other than those listed at Section B-1.

³ Report No. 248, P.82.

⁴ Report No. 248, P.85.

B-4 Estimate of normal value using another method

This section is not mandatory. It need only be completed where there is no reliable information available about selling prices in the exporter's domestic market. Other methods of calculating a normal value include:

- the cost to make the exported goods plus the selling and administration costs (as if they were sold in the exporter's domestic market) plus an amount for profit (if applicable);
- OR
- the selling price of like goods from the country of export to a third country.

1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).

Alushapes has relied upon the findings in recent review of measures investigation No. 482 (and earlier findings involving exports of aluminium extrusions from China) that a market situation for aluminium extrusions (that includes micro-extrusions) continues to exist in China during 2018/19.

Alushapes therefore has constructed normal values for extrusions in China using production costs (including benchmark aluminium ingot prices, Major Japanese Port ("MJP") premium and alloy premiums) plus amounts for selling and general administrative expenses, and a profit.

Methodology

Alushapes has relied upon the constructed normal value template of Confidential Appendix B-2 as a guide for constructing micro-extrusion normal values in China.

To arrive at a constructed selling price for micro-extrusions in China, the production costs include the prevailing LME price for aluminium ingot during the applicable quarter, adjusted for the Major Japanese Port (MJP) premium, and a billet premium. These prevailing input costs have been sourced from Argus Aluminium, a company specialising in metal prices reporting.

The cost of converting micro-extrusions from billet is a far more time-consuming process than for typical aluminium extrusions. Alushapes has undertaken a net value-added assessment of the five dies of hollow micro-extrusion it manufactures at its Somersby site. One die – ASM 2805 for flyscreens – represents the highest percentage of hollow micro-extrusions sales. Alushapes has calculated that, on average, the cost of converting a micro-extrusion is xx per cent higher than for traditional aluminium extrusions. A complete detailed explanation of the additional costs associated with the production of micro-extrusions is included at Confidential Attachment A-4.1 (a), along with the production efficiencies for the five micro-extrusions dies (refer Confidential Attachment A-4.1 (b)).

Costs for packaging, selling and general administration, and profit have also been included in the constructed selling price methodology. The packaging and selling and administrative expenses have been sourced from Alushapes' 2018/19 costs. It should be noted that Alushapes has not adjusted the labour cost for lower Chinese labour costs as the costs used are relatively minor.

Packaging costs are considered to be understated, however, should include stillages, which are used in the shipment of the goods.

Selling and general administration expenses have been sourced from Alushapes' 2018/19 financial statements for the broader aluminium extrusion expenses.

Alushapes is aware that approximately 80-90 per cent of the Chinese exports of micro-extrusions are for powder coated product. The remainder is likely to be mill finished and anodised goods. Alushapes has included the cost of powder coating only, based upon recent negotiations with a key customer for the supply of out-sourced powder coating on finished goods.

A level of profit of 10 per cent has been applied to the constructed costs, to arrive at a selling price for

each quarter from April 2018.

Alushapes acknowledges that the Anti-Dumping Commission may have access to production cost data for the two Chinese exporters Jiangsheng and Zhongya from Investigation No. 442. This production cost data, however, is not representative of the cost of production for micro-extrusions as it reflects conversion costs for general aluminium extrusions. Alushapes has demonstrated that the conversion costs for micro-extrusions the subject of this application are approximately xx per cent higher than for general aluminium extrusions. Prima facie normal value prepared by Alushapes reflects the higher conversion costs associated with the manufacture of micro-extrusions.

Please refer to Confidential Attachment B-4.1 for the Chinese constructed selling price at the ex-factory level..

2. Provide supporting documentary evidence.

Please refer to Confidential Attachment B-4.1 for details of the constructed normal values for micro-extrusions exported from China.

B-5 Adjustments

A fair comparison must be made between the export price and the normal value. Adjustments should be made for differences in the terms and circumstances of the sales such as the level of trade, physical characteristics, taxes or other factors that affect price comparability.

1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.

The constructed normal value for the Chinese exporters has been determined at the ex-factory level. Published ABS FOB prices are the free on board ship level of trade. An adjustment is required to the constructed normal value for handling charges at the export port, along with export inland freight.

Alushapes does not have access to the costs for these two items and has not included these adjustments to normal value.

2. State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.

Alushapes does not have information or estimates of export port handling charges or export inland freight and has therefore not made adjustments to normal values referenced at Section B-4.1.

B-6 Dumping margin

1. Subtract the export price from the normal value for each model control code of the goods (after adjusting for any differences affecting price comparability).

Alushapes has compared the weighted-average Chinese export price for aluminium extrusions as published in the ABS data versus the constructed normal value, on a quarterly basis. Alushapes has indicated that Chinese exporters of aluminium extrusions “flat-price” exports such that there is an absence of any premiums for value-added products above mill finish goods. This means that goods that are further value-added – such as ultra-light extrusions or goods that are powder coated or anodised, are sold at prices that do not reflect the value-add component. This is evidenced by the prices for Chinese imports for micro-extrusions that Alushapes is required to meet (e.g. Alspec offers, Capral offers).

As mentioned above, the applicant has also calculated deductive export prices and contrasted these with determined normal values. Dumping margins derived in the Oct-Dec 2018 quarter and the Jan-Mar 2019 quarter are in the range 80.0-93.15 per cent, and 81.45-90.66 per cent. The margins based upon deductive export prices are not significantly different to margin calculations based upon ABS import data.

Table B-6.1 details the dumping margins for the subject goods exported from China.

Table B-6.1 – dumping margins for micro-extrusions exported from China

Period	Dumping Margin	As % of export price
Apr-Jun 2018	\$5.22 per kg	115.79 per cent
Jul-Sep 2018	\$4.37 per kg	92.87 per cent
Oct-Dec 2018	\$4.91 per kg	106.9 per cent
Jan-Mar 2019	\$4.78 per kg	105.0 per cent
Apr-Jun 2019	\$4.69 per kg	100.88 per cent.

Alushapes has not received any further revised offers for Chinese exports of micro-extrusions post the April-June 2019 quarter (hence offers remain applicable for July-September 2019).

Please refer to Confidential Attachment B-4.1 for calculation of dumping margins.

2. Show dumping margins as a percentage of the export price.

Please refer to Table B-6.1.

PART C

SUPPLEMENTARY SECTION

IMPORTANT

Replies to questions in Part C are not mandatory in all instances, but may be mandatory for certain applications.

C-1 Subsidy

This section must be completed where countervailing duties are sought to offset foreign government assistance through subsidies to exporters or producers.

If the application is for countervailing duty alone, the domestic price information required by Part B of the application need not be supplied.

Responses to questions A-9 will need to identify the link between subsidisation and injury.

1. **Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:**
 - (i) **the nature and title of the subsidy;**
 - (ii) **the government agency responsible for administering the subsidy;**
 - (iii) **the recipients of the subsidy; and**
 - (v) **the amount of the subsidy.**

This application is not an application for countervailing measures (as countervailing measures already apply to Guangdong Zhongya). Earlier investigations involving exports of aluminium extrusions to Australia have established that Guangdong Jiangsheng was not in receipt of any countervailable subsidies from the government of China.

C-2. Threat of material injury

Address this section if the application relies solely on threat of material injury (ie where material injury to an Australian industry is not yet evident).

1. **Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidisation is foreseeable and imminent, for example by having regard to:**
 - (i) **the rate of increase of dumped/subsidised imports;**
 - (ii) **changes to the available capacity of the exporter(s);**
 - (iii) **the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;**
 - (iv) **inventories of the product to be investigated; or**
 - (v) **any other relevant factor(s).**

This application is not based on a threat of material injury. Alushapes has experienced injury that is material across the four-year injury period.

2. **If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.**

This application is not based on a threat of material injury.

C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Commission’s client support section before completing this section.**

1. Fully describe the locally produced raw agricultural goods.

Aluminium extrusions are not close processed agricultural goods.

2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.

This question does not apply to the goods the subject of this application.

3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.

Not applicable.

4. Provide information to establish either:

- a close relationship between the price of the raw agricultural goods and the processed agricultural goods; or
- that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

Not applicable.

C-4. Exports from a non-market economy

Complete this section only if exports from a non-market economy are covered by the application. The domestic price information required by Part B of the application need not be supplied if this question is answered.

Normal values for non-market economies may be established by reference to selling prices or to costs to make and sell the goods in a comparable market economy country.

1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.

Australia does not consider The People’s Republic of China (“China”) as a non-market economy under Australia’s Anti-Dumping and Countervailing provisions.

2. Nominate a comparable market economy to establish selling prices.

Not applicable.

3. Explain the basis for selection of the comparable market economy country.

Not applicable.

4. Indicate the selling price (or the cost to make and sell) for each model control code of the goods sold in the comparable market economy country. Provide supporting evidence.

Not applicable.

C-5 Exports from an ‘economy in transition’

An ‘economy in transition’ exists where the government of the country of export had a monopoly, or substantial monopoly, on the trade of that country (such as per question C-4) and that situation no longer applies.

Complete this section only if exports from an ‘economy in transition’ are covered by the application. **Applicants are advised to contact the Commission’s client support section before completing this section**

1. Provide information establishing that the country of export is an ‘economy in transition’.

Australia does not consider The People’s Republic of China (“China”) to be an economy in transition country under Australia’s Anti-Dumping and Countervailing provisions.

2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.

Not applicable.

3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.

Not applicable.

4. Estimate a ‘normal value’ for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.

Not applicable.

C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B-1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Country A*				
Country B*				
etc*				
Total				

* Only include countries that account for less than 3% of all imports (or 4% in the case of subsidised

goods from developing countries). Use the data at [Appendix A.2](#) (Australian Market) to complete the table.

China's imports into Australia exceed 3 per cent of all imports during the most recent 12-month period. Please refer to Confidential Appendix A2.

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 A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative
Appendix B1	Deductive Export Price
Appendix B2	Constructed Normal Value