

Required Information

1. **Provide details of the name, street and postal address, of the applicant seeking the continuation.**

The Applicant seeking the continuation of anti-dumping measures on aluminium extrusions exported from the People's Republic of China ("China") is Capral Limited ("Capral").

Contact details for Capral are as follows:

Capral Limited
Level 4
60 Phillip Street
Parramatta NSW 2150

2. **Provide details of the name of a contact person, including their position, telephone number and facsimile number, and e-mail address.**

The contact person at Capral is as follows:

Mr Luke Hawkins
General Manager – Supply and Industrial Solutions
Tel: (02) 8222 0113
Fax: (02) 8222 0130
Email: Luke.Hawkins@capral.com.au

3. **Provide the names, addresses, telephone numbers and facsimile numbers of other parties likely to have an interest in this matter e.g. Australian manufacturers, importers, exporters, users.**

A list of other Australian manufacturers of aluminium extrusions is included at Non-Confidential Attachment 1. Letters of support for the continuation of measures from the identified other Australian producers are included at Confidential Attachment 1 (a) to (f).

Australian importers that may have an interest in this matter are included at Non-Confidential Attachment 2.

Chinese exporters that are the subject of the measures and could have an interest in this matter are identified at Non-Confidential Attachment 3.

4. **The application must include a detailed statement setting out reasons for seeking continuation of the anti-dumping measure. Applicants must provide evidence of addressing whether, in the absence of measures, dumped or subsidised imports would cause material injury to the local industry producing like goods.**

Request for continuation of measures

- (i) Will the dumping or subsidisation continue, or recur?*

Capral submits that in the absence of the measures (that includes anti-dumping and countervailing measures) the dumping and subsidisation of exports of aluminium extrusions to Australia will continue or recur.

- ***Anti-dumping actions by other countries***

Anti-dumping measures apply to exports of aluminium extrusions from China in Canada, the USA, and Vietnam.

On 20 November 2019 Argentina announced that it was imposing anti-dumping measures on aluminium tubes exported from China for a four-month period.

- ***relevant evidence as to current normal values in the exporting country***

On 8 May 2019, the Minister for Industry, Science and Technology signed Report No. 482 concerning a review of variable factors applicable to aluminium extrusions exported from China. The review investigation period was 1 July 2017 to 30 June 2018 – the most recent period examined by the Anti-Dumping Commission (“the Commission”) concerning normal values, export prices and dumping margins applicable to aluminium extrusions exported to Australia from China.

The review investigation period in Report No. 482 is relatively recent (only completed 18 months prior to this application). As with earlier investigations involving the export of aluminium extrusions to Australia (namely Report 148 involving the original investigation, Report 241 on the circumvention of goods exported to Australia by PanAsia Aluminium (China) Co., Ltd, Review Investigation No. 248, Continuation of measures investigation No. 287, Review of variable factors inquiries No. 304 and 392), Capral concurs with the Commission’s ongoing position that a particular market situation applies in China in respect of aluminium extrusions.

The Commission wrote to the Government of China (“GOC”) in Investigation 482 requesting information relevant to the aluminium extrusions market in China, namely:

- *the identification of the names of the government departments, bureaus or agencies that are responsible for the administration of any GOC measures concerning the aluminium industry;*
- *details of manufacturers/traders of aluminium extrusions in China including location, whether they are a State Invested Enterprise (SIE) or State Owned Enterprise (SOE), production quantity and whether there is GOC representation in the business;*
- *a detailed description of the domestic Chinese aluminium extrusions industry and the relevant upstream industries;*
- *quarterly import and export data (volume and value);*
- *details about the operating of the Price Law of the People’s Republic of China; and*
- *Identification of any GOC initiatives and/or policies that affect the aluminium extrusions industry, including raw materials used in its manufacture.*

As indicated, the Commission did not receive a response from the GOC.

The Commission therefore formed the view – and this was accepted by the Minister in Report No. 482 – that *“a particular market situation existed in respect of the domestic market for aluminium extrusions in China for the review period.”*¹

The Commission further determined;

“...that GOC influence in the primary aluminium and aluminium extrusion sectors has resulted in significantly different aluminium extrusion prices, compared to what would have been the case if the relevant markets operated without significant GOC intervention.

The Commission found that the impact of the GOC influence on supply are extensive, complex and manifold, and their resulting impact on the price of aluminium extrusions is not able to be easily quantified. However, available information and the Commission’s analysis indicates that this influence is likely to have had a material impact on the domestic price of aluminium extrusions during the review period.

¹ Refer Report No. 482, P. 42.

The Commission therefore considers that GOC influence in the Chinese aluminium industry has created a 'market situation' in the domestic aluminium extrusions market, such that sales in that market are not suitable for determining normal value under subsection 269TAC(1).²

Capral contends that this recent finding continues to reflect the present situation in China concerning aluminium extrusions. This is referenced in the recent edition of *SteelGuru* published on 17 January 2020 that states:

"In January 2019, the Organisation for Economic Cooperation and Development released the landmark report "Measuring distortions in international markets: The aluminium value chain," which highlights how non-market forces are responsible for some of the recent increases in aluminum smelting capacities, with detrimental impacts throughout the value chain. The report indicates that global aluminum companies have received up to USD 70 billion in different forms of support over the 2013-2017 period. Notably, 85 percent of the documented subsidies went to just five Chinese firms. The OECD evidence underscores the need for urgent action to level the global playing field for the aluminum sector. We support the report's suggested improvements to the design of the WTO trade rules on subsidies and the need to better account for the influence of state actors given the dual role of some State-Owned Enterprises as both recipients and providers of support."

The GOC continues to provide significant subsidies to the Chinese aluminium industry that influences selling prices for aluminium extrusions such that they are lower than they otherwise would be.

The OECD Report³ referred to in *Steelguru* (above) concluded (at Page 105):

Government interventions appear widespread all along the aluminium value chain, though some stages in the chain seem to attract more support than others. This is especially the case with aluminium smelting, for which support is relatively large and primarily takes the form of energy subsidies and concessional finance. The effects of support provided at the smelting stage have repercussions at various points in the aluminium value chain, and in particular downstream in the manufacturing of semi-fabricated products of aluminium ("semis").

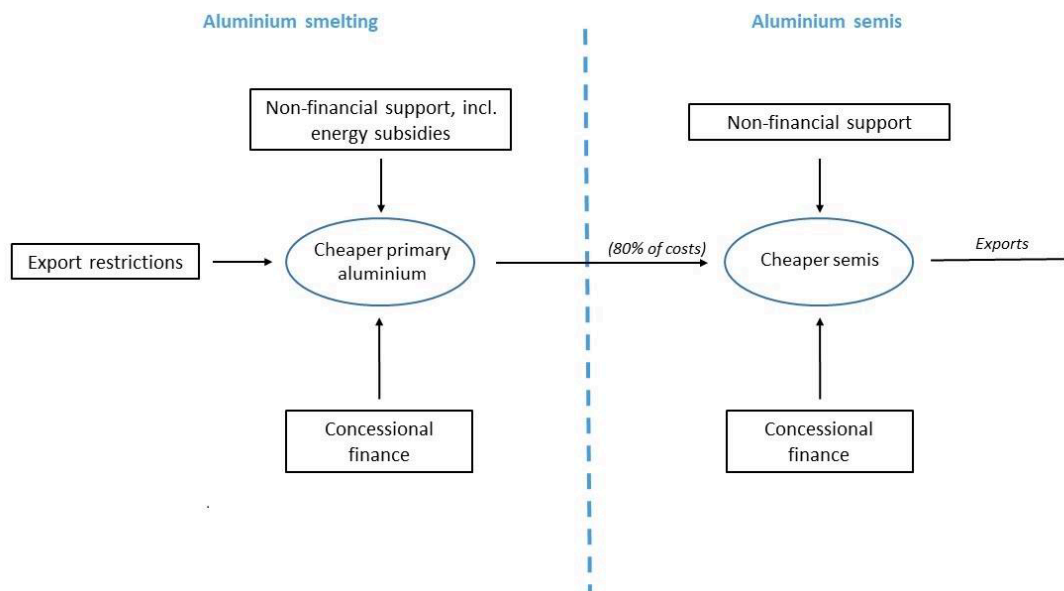
The effect of support for smelting has been most pronounced in China, due to both its export restrictions (in particular as Chinese firms account for almost 60% of world output in volume terms) and much larger domestic support.⁹⁶ The combined effect of these measures has been to make aluminium cheaper in China than it would otherwise have been, which in turn has conferred a cost advantage to Chinese producers of semis. It is therefore not surprising to observe that China's exports of semis have grown very rapidly over the past years, on the back of unit costs that are much lower than competitors'.

Figure 6.1 depicts graphically the situation for China.

² Ibid, P.48.

³ OECD Trade Policy Paper No. 218, OECD 2019.

Figure 6.1. Government policies in key parts of the aluminium value chain in China



The OECD Report confirms the Commission’s findings in earlier investigations involving aluminium extrusions in China that the GOC influence on Chinese produced aluminium results in prices for the aluminium and down-stream products (i.e. aluminium extrusions) being lower than they otherwise would be.

Where the Minister is satisfied that normal value cannot be determined under subsection 269TAC(1), subsection 269TAC(2)(c) provides that the normal value is:

(c) ... the sum of:

- (i) such amount as the Minister determines to be the cost of production or manufacture of the goods in the country of export; and
- (ii) on the assumption that the goods, instead of being exported, had been sold for home consumption in the ordinary course of trade in the country of export—such amounts as the Minister determines would be the administrative, selling and general costs associated with the sale and the profit on that sale;

As required by subsections 269TAC(5A) and 269TAC(5B), the construction of normal values under subsection 269TAC(2)(c) is required to be undertaken in accordance with Regulation 43, 44 and 45 of *Customs (International Obligations) Regulation 2015* (the Regulation).

Capral has therefore constructed normal values for Chinese exporters of aluminium extrusions during 2019 (as was the basis for normal value determination in Review Investigation 482 on exports of aluminium extrusions from China). The methodology followed for the construction of normal value commences with the prevailing LME price for aluminium ingot on a monthly basis, adjusted for the Major Japanese Port (MJP) premium, a billet premium, plus amounts for conversion, packaging, selling and general administration, and profit.

The LME prices for each month have been sourced from Argus Metals - an often referenced industry

raw material price-reporting detailing aluminium pricing globally. Argus Metals also includes pricing references for regional port premiums (in this instance, Japan) and billet premiums. This methodology follows the Commission’s established methodology most recently followed in Investigation 482:

- a published price for primary aluminium (i.e. LME cash price);
- a regional premium;
- inland transport costs;
- a billet premium reflecting an additional cost to convert an ingot of billet for use in the production of the goods.

Capral does not have access to the inland freight costs in China and has not included an amount for inland freight in its constructed normal value assessments.

Conversion costs are based upon Capral’s 2019 costs sourced from Confidential Appendix A6.1. Labour costs have been adjusted to reflect lower per capita income for China (the 2018 China per capita income amount has been used – source World Bank Data).

Packaging is an estimated cost including stillages.

Selling and general administration expenses have been estimated at xx per cent of selling price. A level of profit has also been applied.

The constructed selling price is for goods packed, ex-factory.

Capral’s estimate of normal value reflects methodologies followed by the Commission in past investigations (including most recently in review of measures Investigation 482. As Investigation 482 was only recently completed (May 2019) it is considered that the Commission’s estimates of normal value in that inquiry are likely to be relatively contemporary.

Capral’s calculated normal values for China during 2019 are as follows:

Table 1 – China normal values for aluminium extrusions (A\$/kg)

Product	Jan-Mar 2019	Apr-Jun2019	Jul-Sep 2019	Oct-Dec 2019
Mill Finish	5.454 – 5.540	5.442 - 5.526	5.502 – 5.522	5.444
Powdercoated/anodised	6.882 – 6.968	6.870 – 6.954	6.93 – 6.95	6.872

Note: All data from Oct-Dec 2019 qtr is not available at time of submission. Refer Confidential Attachment 5.

- ***whether exports have continued following imposition of the measures and estimates of export price***

Exports of aluminium extrusions from China to Australia have continued since the measures were continued in 2015.

Table 2 details the import volumes of aluminium extrusions into Australia. Major sources of supply for imports of aluminium extrusions into Australia are China, Malaysia, Vietnam, Indonesia and New Zealand. China is the largest source country accounting for more than half of the import volumes into Australia during 2017/18 and 2018/19.

Table 2 – Import data – aluminium extrusions 2015/16 to 2018/19 (kgs)

	2015/16	2016/17	2017/18	2018/19
China	34,229,913	40,844,999	50,300,559	48,117,473
Other	61,321,590	56,424,627	47,895,271	46,526,828
Total	95,551,503	97,269,626	98,195,830	94,644,301
China as % of Total	35.8%	42.0%	51.2%	50.8%

Source: ABS Import statistics (year ending September). Refer Confidential Attachment 6.

Imports of aluminium extrusions to Australia have increased considerably since 2015 when the Minister continued anti-dumping measures for a further five-year period. In 2015/16, Chinese imports were approximately 36 per cent of total imports. Chinese imports increased in subsequent years by more than 45 per cent to account for more than 50 per cent of total imports into Australia in 2017/18 and 2018/19.

It is evident that Chinese imports of aluminium extrusions have continued following the continuation of measures in 2015.

Recent weighted-average FOB export prices for Chinese aluminium extrusions are detailed in Table 3.

Table 3 – Export prices for aluminium extrusions – 2018/19 (A\$/kg)

	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	Jul-Sep 2019
China	4.59	4.55	5.45	4.57

Source: Weighted average quarterly calculations. Refer Confidential Attachment 6.

• ***whether the exporter(s) have retained distribution links in Australia***

Chinese exporters have retained distribution links into the Australian market since the anti-dumping measures were initially imposed in 2010.

In support of Capral's assertion that Chinese exporters of aluminium extrusions into the Australian market, it can be evidenced that:

- Chinese export volumes have increased since 2015/16 by approximately 45 per cent;
- Chinese exporters that do not have separate variable factors continue to seek accelerated reviews clearly indicating an intention to export the goods to Australia (as evidenced by recent Accelerated Review Investigations No. 313, 347, 387, 391, 399, 415, 460, 475, 485, 514, and 537);
- the level of participation of Chinese exporters in the recent Review of variable factors investigation No. 482.

It is therefore reasonable to conclude that Chinese exporters of aluminium extrusions continue to maintain distribution links for supply into the Australian market.

• ***whether the exporter(s) retains an excess capacity that may be directed to Australia***

China is a significant producer of aluminium. The GOC exerts influence over the primary aluminium and aluminium extrusions sectors in China such that production volumes and selling prices are not determined on a competitive basis. In the recent review of variable factors inquiry (No. 482) the Commission reviewed 66 subsidy programs administered by the GOC that afford benefits to producers of aluminium extrusions.

Subsidies from the GOC play a role in the production and supply of aluminium extrusions onto the global market. Currently, however, there are a broad range of tariff barriers that have been introduced to specifically address injurious dumping and subsidisation from Chinese exports of aluminium extrusions.

Capral does not have access to actual production levels in China for aluminium extrusions. However, measures applied by Canada, the USA, the EU, Vietnam and Mexico are intended

and targeted to curb Chinese exports of aluminium extrusions. Measures applied in Australia are intended to address unfair pricing. As there exist a range of measures applicable to Chinese exports it is reasonable to conclude that Chinese producers of aluminium extrusions possess excess capacity to supply markets that are free of anti-dumping measures.

(ii) Will the material injury recur?

- Recent trends

Capral's performance in 2019 has been heavily influenced by the increase in import volumes of aluminium extrusions from China. The increase in share of imports sourced from China (increase by approximately 45 per cent since 2015/16) to account for more than 50 per cent of total imports (a rise from 36 per cent in 2015/16) is of serious concern to Capral.

Imports of Chinese aluminium extrusions were in 2019 at the highest level since measures were initially imposed in 2010. This is despite the fact that the total Australian market in 2019 was estimated to be below 2010 levels.

Review Investigation No. 482 confirmed that Chinese exports to Australia during 2017/18 were at margins of dumping that were substantial. The following Table 4 confirms the magnitude of the dumping margins that were determined by the Commission.

Table 4 – Chinese dumping margins in review Investigation 482

Exporter	Dumping Margin
Foshan Shunde Beijiao Jiawei Aluminium Factory	20.1 %
Guangdong Jinxicheng Al Manufacturing Co Ltd	15.8 %
PanAsia Aluminium (China) Ltd	55.2 %
Tai Shan City Kam Kui Aluminium Extrusions Co Ltd	35.7 %
Goomax Metal Co Ltd Fujian	42.3 %
Residual Exporters	29.1 %
Uncooperative and all other exporters	95.9 %

The dumping margins determined for the Chinese exporters confirmed that producers had not reflected the approximate 30 per cent increase in the LME aluminium price in their selling prices. The dumping margins determined (as reflected in Table 4) reflected suppressed selling prices that impacted the Australian producers during the investigation period and immediately thereafter.

Capral has experienced a deterioration in sales volumes on the Australian market of xxx per cent since 2017. Additionally, Capral has lost sales of powder-coated and anodised as a percentage of total sales over this same period resulting in increased sales of the lower-value added mill finish goods. Capral's sales of mill finish product as a percentage of total sales has increased by xx percentage points between 2016 and 2019. This trend demonstrates that Capral's value-adding of aluminium extrusions is on the decline and the company's return on its manufacturing assets has also deteriorated.

The increase in imports of aluminium extrusions by 45 per cent since 2015/16 is a contributing factor to Capral's deteriorating manufacturing position for aluminium extrusions.

- **Likelihood of material injury in absence of measures**

In Report No. 287 concerning the continuation of measures on exports of aluminium extrusions dated October 2015 the Commission determined:

- dumping had occurred post the imposition of measures (Report No. 248);
- circumvention of the original measures by certain importers of Chinese aluminium extrusions had occurred (Report No. 241);

- the largest exporter to Australia had the highest determined dumping margin in Report No. 241;
- there is strong price competition between imported goods and domestically produced goods;
- the GOC substantially influences the primary aluminium and aluminium markets in China – in the absence of measures it is likely that Chinese exporters would exploit cheaper aluminium input prices and target exports to Australia;
- subsidisation is likely to continue;
- the Australian industry is susceptible to further material injury;
- since measures were imposed, imports from China have continued in a slightly larger market;
- in the absence of measures it is likely that import volumes would increase;
- exporter questionnaire responses confirm that Chinese exporters possess excess capacity to supply;
- the economic outlook for the industry is that import pressures will continue in the short term; therefore dumping and material injury would adversely impact the Australian industry.

Capral contends that the circumstances in early 2020 are not dissimilar to the facts and circumstances surrounding the ongoing need for the measures in 2015 following the Commission's investigation concerning the likely adverse impact on the Australian industry should the measures be allowed to expire.

The Australian market for aluminium extrusions has increased in size from the levels of 2015. Imports from China are now at levels not experienced since prior to the original measures in 2010. There has been further circumvention of the measures applicable to Chinese exporters (refer Investigation 447). The most recent review of measures (completed in May 2019) confirmed significant margins of dumping by all subject Chinese exporters with margins determined in the range 15.8 per cent to 95.9 per cent. The GOC continues to support the domestic producers through a range of programs (the Commission identified 66 programs) that contribute to selling prices being lower than they otherwise would be. The Australian industry is susceptible to any further material injury from dumping due to the deterioration in:

- domestic production and sales volumes;
- depressed and suppressed selling prices;
- reduced profit and profitability;
- reduced attractiveness to reinvest; and
- closure of manufacturing assets across select sites.

Chinese exporters have continued to export at dumped and injurious prices throughout the duration of the measures. It is Capral's view that should the measures be allowed to expire (in light of the various tariff measures in place by other administrations), the Australian market would be targeted by Chinese exporters to sell increased volumes to the detriment of the Australian industry.

(iii) Conclusions – expiry of anti-dumping measures

Capral is the largest manufacturer of aluminium extrusions in Australia. Capral is seeking the continuation of anti-dumping measures with the full support of most of the other Australian manufacturers of aluminium extrusions.

Capral submits that the anti-dumping measures applicable to aluminium extrusions exported from China should not be allowed to expire as it is likely that Chinese exporters would increase volumes to Australia and that the further dumping and subsidisation would facilitate additional material injury to the Australian industry (above and beyond that already experienced). Capral contends that the dumping and subsidisation and material injury would likely occur as:

- Chinese exporters have maintained distribution links into the Australian market;
- The recently completed review of measures Investigation No. 482 on Chinese exports of aluminium extrusions to Australia confirmed substantial (and increasing) margins of dumping between 15 and 95 per cent;
- weighted average Chinese export prices to Australia for all aluminium extrusions (i.e. mill finish, powder coated and anodised) are below constructed normal values for the goods in China during 2019;
- imports of aluminium extrusions from China have increased by 45 per cent since 2015/16;
- imports from China account for more than 50 per cent of total imports (an increase from 35 per cent in 2015/16);
- Capral has experienced a xx per cent decline in sales of its highest value-add aluminium extrusions since 2015/16 and has been forced to sell higher volumes of lower return mill finish aluminium extrusions;
- Chinese exporters of aluminium extrusions have experienced anti-dumping and tariff related measures on their exports into markets in Canada, the USA, and Vietnam, necessitating to seek-out alternate export opportunities (which would include Australia should the measures expire);
- the Australian industry has suffered material injury from the significant dumping in 2018/19 from Chinese exports to Australia and this is likely to continue should the measures be allowed to expire; and
- the Australian industry is susceptible to the effects of injurious dumping which has already involved the closure of certain manufacturing assets (i.e. *detail of manufacturing assets mothballed*) by Capral.

The Australian industry has experienced a deterioration of profit and profitability over the last two-years which has been heavily influenced by the 45 per cent increase in imports from China. Further likely increases in import volumes from China would occur should the measures be allowed to expire and will result in an increase in the material injury already experienced by the industry (which has occurred in 2018 and 2019).

Capral has demonstrated that should the measures be allowed to expire it is likely that imports of aluminium extrusions from China would increase at dumped and subsidised prices that would continue to undercut the Australian industry's selling prices, culminating in a recurrence of material injury that the measures are intended to prevent.

Capral requests that the Commissioner commence an investigation into the continuation of the anti-dumping measures. Capral looks forward to assisting the Commissioner with his inquiries.

5. The applicant must provide details of the current anti-dumping measure(s) the subject of the continuation application, including:

- *Tariff classification*

The goods the subject of the measures are aluminium extrusions. The goods are described as follows:

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

The goods under consideration (“GUC”) include aluminium extrusion products that have been further processed or fabricated to a limited extent, after aluminium has been extruded through a die. For example, aluminium extrusion products that have been painted, anodised, or otherwise coated, or worked (e.g. precision cut, machined, punched or drilled) fall within the scope of the goods.

The GUC do not extend to intermediate or finished products that are processed or fabricated to such an extent that they no longer possess the nature and physical characteristics of an aluminium extrusion, but have become a different product.⁴

The aluminium extrusions the subject of the measures include:

< GUC >				< Non GUC >		
1	2	3	4	5	6	7
Aluminium extrusions	Aluminium extrusions with minor working	Aluminium extrusions that are parts intended for use in intermediate or finished products	Aluminium extrusions that are themselves finished products	Unassembled products containing aluminium extrusions, e.g. ‘kits’ that at time of import comprise all necessary parts to assemble finished goods	Intermediate or partly assembled products containing aluminium extrusions	Fully assembled finished products containing aluminium extrusions
< Examples >						
Mill finish, painted, powder coated, anodised, or otherwise coated aluminium extrusions	Precision cut, machined, punched or drilled aluminium extrusions	Aluminium extrusions designed for use in a door or window	Carpet liner, fence posts, heat sinks	Shower frame kits, window kits, unassembled unitised curtain walls	Unglazed window or door frames	Windows, doors

The aluminium extrusions are classified to the following subheadings within Schedule 3 of the Customs Tariff Act 1995:

Tariff subheading/ statistical code	Description
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	Non alloyed aluminium tubes and pipes
7608.20.00/10	Aluminium alloy tubes and pipes
7610.10.00/12	Doors, windows and their frames and thresholds for doors
7610.90.00/13	Other

- **The countries or companies**

⁴ REP 148, p. 18 at 3.2

The goods the subject of the measures are exported from the People's Republic of China by all exporters except for the following:

- goods manufactured by Guangdong Jiangsheng Aluminium Co., Ltd ("Jiangsheng") and Guangdong Zhongya Aluminium Company Ltd ("Zhongya").

- ***Specified date of publication of the measure(s)***

The notice continuing the anti-dumping measures (dumping and countervailing) was published in the Commonwealth of Australia Gazette on the 14th of October 2015 attached at Non-Confidential Attachment 4 (refer AND 2015/125 published on 20 October 2015).

List of Attachments

No.	Description	Confidential/Non-Confidential
1	List of Other Australian Manufacturers. Letters of support for continuation application at Confidential Attachments 1 (a) to (f)	Confidential
2	List of importers	Non-Confidential
3	List of exporters	Non-Confidential
4	Gazette Notice	Non-Confidential
5	China Constructed Normal value	Confidential
6	ABS Import Data Summary	Confidential
Appendices A3, A6.1, A6.2 and A7	Capral Financial Data	Confidential
A	Authority to Represent	Confidential