

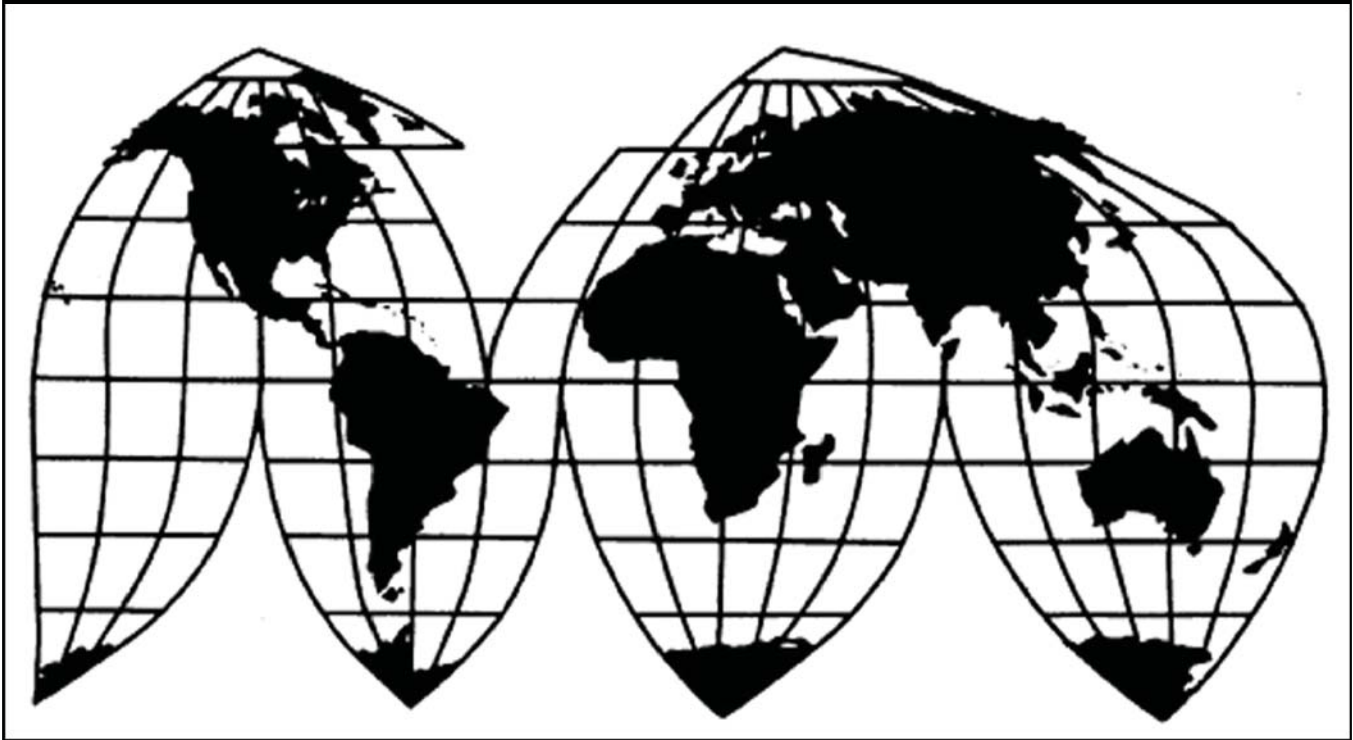
Certain Aluminum Extrusions from China

Investigation Nos. 701-TA-475 and 731-TA-1177 (Final)

Publication 4229

May 2011

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-475 and 731-TA-1177 (Final)

CERTAIN ALUMINUM EXTRUSIONS FROM CHINA

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to sections 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)) and (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports of certain aluminum extrusions from China other than finished heat sinks, provided for in subheadings 7604.21, 7604.29, and 7608.20 of the Harmonized Tariff Schedule of the United States, that the U.S. Department of Commerce (“Commerce”) has determined are subsidized and sold in the United States at less than fair value (“LTFV”).² The Commission further determined that an industry in the United States is not materially injured or threatened with material injury, or that the establishment of an industry in the United States is not materially retarded, by reason of imports of finished heat sinks from China.^{3 4}

BACKGROUND

The Commission instituted these investigations effective March 31, 2010, following receipt of a petition filed with the Commission and Commerce by Aluminum Extrusions Fair Trade Committee and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union. The final phase of the investigations was scheduled by the Commission following notification of a preliminary determinations by Commerce that imports of certain aluminum extrusions from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. § 1671b(b)) and dumped within the meaning of 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on December 22, 2010 (75 FR 80527). The hearing was held in Washington, DC, on March 29, 2011, and all persons who requested the opportunity were permitted to appear in person or by counsel.

¹ The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

² All six Commissioners voted in the affirmative.

³ Because they do not find that finished heat sinks are a separate domestic like product, Vice Chairman Irving A. Williamson and Commissioner Charlotte R. Lane do not join in this determination.

⁴ Finished heat sinks are fabricated heat sinks, sold to electronics manufacturers, the design and production of which are organized around meeting certain specified thermal performance requirements and which have been fully, albeit not necessarily individually, tested to comply with such requirements.

VIEWS OF THE COMMISSION

Based on the record in the final phase of these investigations, we find that an industry in the United States is materially injured by reason of imports from China of certain aluminum extrusions other than finished heat sinks (“FHS”)¹ that the U.S. Department of Commerce (“Commerce”) has found to be sold in the United States at less than fair value and imports of certain aluminum extrusions from China other than FHS that Commerce has found to be subsidized by the Government of China.²

We further determine that an industry in the United States producing FHS is not materially injured or threatened with material injury by reason of imports of FHS from China.³

I. BACKGROUND

The petitions leading to these investigations were filed by the Aluminum Extrusions Fair Trade Committee (“the Committee”) and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (“USW”).⁴

Petitioners filed briefs and participated in the Commission’s hearing, as did respondents Aavid Thermalloy, LLC (“Aavid”), a domestic producer and importer of FHS, and the Shower Door Manufacturers’ Alliance (“SDMA”), an association of U.S. manufacturers of shower doors and enclosures. In addition, Floturn, a domestic producer of organic photoreceptor/photoconductor substrates, participated in the hearing and filed a posthearing statement. The Commission also received posthearing comments from Thermshield, LLC, a U.S. importer of FHS, and from the Consuming Industries Trade Action Coalition.

II. DOMESTIC LIKE PRODUCT

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”⁵ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Tariff Act”), defines the relevant domestic industry as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major

¹ Finished heat sinks are fabricated heat sinks, sold to electronics manufacturers, the design and production of which are organized around meeting certain specified thermal performance requirements and which have been fully, albeit not necessarily individually, tested to comply with such requirements.

² Vice Chairman Williamson and Commissioner Lane find that there is one domestic like product corresponding to all aluminum extrusions, including FHS, within the scope of these investigations, and find material injury in regard to that like product. Because they do not find that FHS are a separate domestic like product, Vice Chairman Williamson and Commissioner Lane do not join in the determination concerning FHS. See Dissenting Views of Vice Chairman Williamson and Commissioner Lane. They join in all sections of these views, except sections II, III and IV as they pertain to FHS.

³ Material retardation of the establishment of an industry in the United States is not at issue in these investigations.

⁴ The Committee consists of eleven U.S. producers of aluminum extrusions. USW is a labor union representing workers engaged in the production of aluminum extrusions in the United States.

⁵ 19 U.S.C. § 1677(4)(A).

proportion of the total domestic production of the product.”⁶ In turn, the Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation.”⁷

The decision regarding the appropriate domestic like product in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.⁸ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.⁹ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹⁰ Although the Commission must accept Commerce’s determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,¹¹ the Commission determines what domestic product is like the imported articles Commerce has identified.¹²

B. Product Description

The Department of Commerce has defined the scope of the imported merchandise under investigation as follows:

{A}luminum extrusions which are shapes and forms, produced by an extrusion process, made from aluminum alloys having metallic elements corresponding to the alloy series designations published by The Aluminum Association commencing with the numbers 1, 3, and 6 (or proprietary equivalents or other certifying body equivalents). Specifically, the subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 1 contains not less than 99 percent aluminum by weight. The subject merchandise made from aluminum alloy with an

⁶ 19 U.S.C. § 1677(4)(A).

⁷ 19 U.S.C. § 1677(10).

⁸ See, e.g., Cleo, Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors, including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

⁹ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

¹⁰ Nippon, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like product’ be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.”).

¹¹ See, e.g., USEC, Inc. v. United States, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) (“The ITC may not modify the class or kind of imported merchandise examined by Commerce.”); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int’l Trade 1988), aff’d, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

¹² Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Cleo, 501 F.3d at 1298 n.1 (“Commerce’s {scope} finding does not control the Commission’s {like product} determination.”); Torrington, 747 F. Supp. at 748-52 (affirming the Commission’s determination defining six like products in investigations in which Commerce found five classes or kinds).

Aluminum Association series designation commencing with the number 3 contains manganese as the major alloying element, with manganese accounting for not more than 3.0 percent of total materials by weight. The subject merchandise made from an aluminum alloy with an Aluminum Association series designation commencing with the number 6 contains magnesium and silicon as the major alloying elements, with magnesium accounting for at least 0.1 percent but not more than 2.0 percent of total materials by weight, and silicon accounting for at least 0.1 percent but not more than 3.0 percent of total materials by weight. The subject aluminum extrusions are properly identified by a four-digit alloy series without either a decimal point or leading letter. Illustrative examples from among the approximately 160 registered alloys that may characterize the subject merchandise are as follows: 1350, 3003, and 6060.

Aluminum extrusions are produced and imported in a wide variety of shapes and forms, including, but not limited to, hollow profiles, other solid profiles, pipes, tubes, bars, and rods. Aluminum extrusions that are drawn subsequent to extrusion (“drawn aluminum”) are also included in the scope.

Aluminum extrusions are produced and imported with a variety of finishes (both coatings and surface treatments), and types of fabrication. The types of coatings and treatments applied to subject aluminum extrusions include, but are not limited to, extrusions that are mill finished (i.e., without any coating or further finishing), brushed, buffed, polished, anodized (including bright-dip anodized), liquid painted, or powder coated. Aluminum extrusions may also be fabricated, i.e., prepared for assembly. Such operations would include, but are not limited to, extrusions that are cut-to-length, machined, drilled, punched, notched, bent, stretched, knurled, swaged, mitered, chamfered, threaded, and spun. The subject merchandise includes aluminum extrusions that are finished (coated, painted, etc.), fabricated, or any combination thereof.

Subject aluminum extrusions may be described at the time of importation as parts for final finished products that are assembled after importation, including, but not limited to, window frames, door frames, solar panels, curtain walls, or furniture. Such parts that otherwise meet the definition of aluminum extrusions are included in the scope. The scope includes aluminum extrusions that are attached (e.g., by welding or fasteners) to form subassemblies, i.e., partially assembled merchandise, unless imported as part of the finished goods ‘kit’ defined further below. The scope does not include the non-aluminum extrusion components of subassemblies or subject kits.

Subject extrusions may be identified with reference to their end use, such as fence posts, electrical conduits, heat sinks, door thresholds, or carpet trim. Such goods are subject merchandise if they otherwise meet the scope definition, regardless of whether they are finished products and ready for use at the time of importation.

The following aluminum extrusion products are excluded: Aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 2 and containing in excess of 1.5 percent copper by weight; aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 5 and containing in excess of 1.0 percent magnesium by weight; and aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 7 and containing in excess of 2.0 percent zinc by weight.

The scope also excludes finished merchandise containing aluminum extrusions as parts that are fully and permanently assembled and completed at the time of entry, such as finished windows with glass, doors with glass or vinyl, picture frames with glass pane and backing material, and solar panels. The scope also excludes finished goods containing aluminum extrusions that are entered unassembled in a "finished goods kit." A finished goods kit is understood to mean a packaged combination of parts that contains, at the time of importation, all of the necessary parts to fully assemble a final finished good and requires no further finishing or fabrication, such as cutting or punching, and is assembled 'as is' into a finished product. An imported product will not be considered a 'finished goods kit' and therefore excluded from the scope of the investigation merely by including fasteners such as screws, bolts, etc. in the packaging with an aluminum extrusion product.

The scope also excludes aluminum alloy sheet or plates produced by other than the extrusion process, such as aluminum products produced by a method of casting. Cast aluminum products are properly identified by four digits with a decimal point between the third and fourth digit. A letter may also precede the four digits. The following Aluminum Association designations are representative of aluminum alloys for casting: 208.0, 295.0, 308.0, 355.0, C355.0, 356.0, A356.0, A357.0, 360.0, 366.0, 380.0, A380.0, 413.0, 443.0, 514.0, 518.1, and 712.0. The scope also excludes pure, unwrought aluminum in any form.

The scope also excludes collapsible tubular containers composed of metallic elements corresponding to alloy code 1080A as designated by the Aluminum Association where the tubular container (excluding the nozzle) meets each of the following dimensional characteristics: (1) Length of 37 mm or 62 mm, (2) outer diameter of 11.0 mm or 12.7 mm, and (3) wall thickness not exceeding 0.13 mm.¹³

C. Like Product Analysis

In the preliminary phase of these investigations, the Commission defined a single domestic like product that was coextensive with the scope of the investigations defined by Commerce, namely, all aluminum extrusions, as advocated by Petitioners.

In the final phase of these investigations, Petitioners again argue that the Commission should define a single domestic like product encompassing all aluminum extrusions that is coextensive with the scope of the investigations defined by Commerce. Aavid and Thermshield LLC argue that FHS should be treated as a separate domestic like product. Aavid distinguishes between FHS and other heat sinks; it defines a "finished" heat sink as a heat sink that has been subject to thermal testing and is thus specified for a particular thermal performance.¹⁴ The SDMA argues that the Commission should find that shower knock-down units (KDs)¹⁵ and jewelry-grade shower door extrusions ("J-G extrusions") are both separate domestic like products. Floturn argues that organic photoreceptor/photoconductor ("OPC") tubes should be treated as a separate domestic like product.

¹³ 76 Fed. Reg. 18524, 18525 (April 4, 2011) (antidumping) and 76 Fed. Reg. 18521 (April 4, 2011) (countervailing duty).

¹⁴ Hearing Tr. at 169 and 203 (Soucy), and 205 (Mintzer).

¹⁵ Knock-Down Units or "KDs" are shower enclosure assemblies containing highly fabricated aluminum extrusions and a variety of parts, but not the shower glass. SDMA Prehearing Brief at 3.

For the reasons discussed below, we find that there are two domestic like products: (1) FHS and (2) all other aluminum extrusions corresponding to the scope of these investigations.¹⁶

Physical characteristics and uses. All aluminum extrusions within the scope of these investigations share certain basic physical characteristics. All are made from aluminum alloys in the 1, 3, and 6 series of the Aluminum Association (so-called “soft alloys”),¹⁷ all are produced by an extrusion process,¹⁸ and many aluminum extrusions are further fabricated (for example, cut to length, machined, drilled, punched, notched, bent, stretched, or assembled by welding or fastening) after they are mill finished.¹⁹ Also, many aluminum extrusions are produced in custom shapes and sizes.

FHS are not different from other aluminum extrusions in terms of their metallurgic chemistry, or by virtue of being further fabricated or produced in custom shapes. FHS are different from most other aluminum extrusions, however, by virtue of the specific and precise tolerances to which they are generally produced. FHS are designed to remove damaging heat from electronic equipment. The flat surface tolerance for FHS is often 1/1000 of an inch per inch, compared to 4/1000 to 14/1000 of an inch per inch for ordinary aluminum extrusions.²⁰ The precise flatness of FHS allows for close contact between the FHS and the heat-generating components for which they have been designed and to which they are attached, thereby reducing or eliminating heat-trapping “dead air.”²¹

FHS also differ from other aluminum extrusions (including heat sinks that are not “finished”) because of their customized thermal resistance properties. Whereas most aluminum extrusions are differentiated by shape and dimension, FHS are also characterized by their thermal resistance properties.²² In fact, FHS are certified to perform within thermal resistance parameters.²³ Although these thermal resistance properties are not visible, they are clearly relevant to the customers for whom FHS have been designed. They make FHS precisely or optimally suited to cool the specific electronic devices for which they have been designed.

The principal end-use applications of aluminum extrusions are in the building and construction, transportation, and engineered products sectors.²⁴ FHS have a specific end use (thermal management of

¹⁶ We have determined that our traditional six-factor test is somewhat more appropriate than the semi-finished product analysis for analyzing the four like product issues raised. The semi-finished product analysis generally is applied to assess whether products at different stages of processing that are vertically related to each other should be included in the same like product. E.g., Drill Pipe and Drill Collars from China, Inv. Nos. 701-TA-474 and 731-TA-1176 (Preliminary), USITC Pub. 4127 (March 2010) at 7 (involving green tubes and finished drill pipe). It is true that products at different stages of processing are present in connection with each like product issue (heat sink blanks and FHS, aluminum extrusions and KDs, aluminum extrusions and J-G extrusions, and OPC tubes and OPC substrates), but we must also consider here whether each claimed like product is clearly distinct from the broad universe of aluminum extrusions covered by the scope of these investigations.

¹⁷ CR at I-9, PR at I-8.

¹⁸ CR at I-10, PR at I-9.

¹⁹ CR at I-10, PR at I-9. Forty-seven of the 53 responding domestic producers reported having fabrication facilities. CR at III-11, PR at III-9.

²⁰ Hearing Tr. at 169 (Soucy).

²¹ Thermshield Posthearing Statement at 6-9. Petitioners claim that manufacturing to close tolerances is not unique to FHS and that many extrusions are produced to tight tolerances, but, from the thousands of different types of aluminum extrusions, they cite only two examples (framing for solar mirror assemblies and locking systems for cockpit doors), and they provide the dimensional specifications for only one of these products (solar mirror assemblies). Petitioners Posthearing Brief at 5.

²² Aavid Prehearing Brief at 7.

²³ Aavid Prehearing Brief at 8.

²⁴ CR at I-11, PR at I-10. “Engineered products” include heat sinks, as well as air conditioners, appliances,

continue...

electronic devices), but many other aluminum extrusions also have distinct individual end-use applications.²⁵

Interchangeability. FHS are not interchangeable with other aluminum extrusions. Many types of aluminum extrusions, however, also have a specific functionality and are not interchangeable with other aluminum extrusions. Aluminum extrusions in custom shapes are proprietary to specific users and specific applications, and thus by definition one type of custom shape is not interchangeable with another. Similarly, the interchangeability of standard shapes is limited by size and cross-dimensional shape; for example, one would not ordinarily use an angle and a tube interchangeably.

Channels of distribution. FHS and other aluminum extrusions are both sold to end users and to distributors.²⁶ FHS, however, are sold to distinct classes of end users and distributors. The end users that buy FHS are electronic equipment manufacturers, such as Dell, Hewlett Packard, IBM, and Motorola,²⁷ and, similarly, the distributors that purchase FHS specialize in components used to manufacture electronic equipment. These distributors do not sell other kinds of aluminum extrusions.²⁸

Common manufacturing facilities, production processes, and production employees.

Aluminum extrusions are principally produced from aluminum billets. A billet is softened by being heated to the necessary temperature before extrusion. The heated billet is then pushed or squeezed into a precision opening, or die, to produce the desired shape. Thus, the shape of the die will dictate the shape of the extrusion. After emerging from the die, the extrusion is cooled, stretched, cut, aged, and finished, as appropriate.²⁹

FHS are produced from aluminum extrusions in a process in which a cut part of an extrusion is held in and fabricated by a computer controlled milling machine to add holes, clearance pockets, and attachment points for heat generating devices. The machined part is typically cleaned and deburred, and it can have one of a variety of finishes applied to it.³⁰ Specialized equipment, including wind tunnels, flow calibration equipment, testing equipment, and specialized design and data collection software, are used to design FHS and to produce prototypes. Highly trained employees manage the FHS design and testing equipment. Substantial thermal analysis and testing are associated with the front end of FHS production.³¹

Customer and producer perceptions. Although most U.S. producers and importers of aluminum extrusions generally reported that FHS and other aluminum extrusions are comparable in terms of customer perceptions,³² there is evidence in the record that customers and producers of FHS perceive them to be distinct from other aluminum extrusions. For example, Wakefield, which produces FHS and other aluminum extrusions, separates its production of FHS and other aluminum extrusions into different

²⁴...continue

furniture, lighting, sports equipment, personal watercraft, electrical power units, coaxial cables, bus bars, machinery and equipment, food displays, refrigeration, medical equipment, display structures, and laboratory equipment. Id.

²⁵ See generally CR at I-11, PR at I-10.

²⁶ CR/PR at Table II-1 and Aavid Prehearing Brief at 14.

²⁷ Aavid Prehearing Brief at 9.

²⁸ Aavid Prehearing Brief at 14-16 and Posthearing Brief at 7.

²⁹ CR at I-12-14, PR at I-11-12.

³⁰ CR at I-14, PR at I-12.

³¹ Hearing Tr. at 172-173.

³² Petitioners Posthearing Brief at Exh. 6.

lines of business. A number of customers also reported that they perceive FHS as distinct from other aluminum extrusions.³³

Price. The average unit values (“AUVs”) of FHS are *** higher than those of typical aluminum extrusions. The AUV of U.S.-produced FHS during the period examined was ***, while the AUV of U.S.-produced aluminum extrusions was \$***.³⁴ This price differential is attributable to the value added in the labor-intensive FHS production process.³⁵ In addition, FHS also are priced on a different basis than other aluminum extrusions; FHS are sold by the piece, whereas aluminum extrusions are typically sold on the basis of a metal price plus a per pound fabrication charge.³⁶

Conclusion. On balance, we find that there is a clear dividing line separating FHS from other aluminum extrusions. Our conclusion is based particularly on the customized thermal resistance properties of FHS; the unique aspects of the design, testing and production of FHS; differences between FHS and other aluminum extrusions in the channels of trade through which they are sold; evidence that the thermal management industry is perceived by producers and customers as being different from the general aluminum extrusions industry; and the fact that FHS are sold at much higher prices because of high value-added than most other aluminum extrusions.³⁷

Other Like Product Issues in These Investigations. We have also considered whether KDs, J-G extrusions, and OPC tubes are separate domestic like products, and we find that they are not.

KDs. With respect to KDs, we find that – unlike FHS – there is nothing that sets them apart from other aluminum extrusions. KDs are not dissimilar from other extrusions in terms of their physical characteristics merely because they consist of an assemblage of components, including non-aluminum components. The scope of these investigations includes other kinds of kits – like KDs – that do not contain all of the parts needed to assemble the product.³⁸ Similarly, the mere fact that KDs have a specific use (assembly into shower doors) does not distinguish them from other aluminum extrusions; there are many distinct individual end-use applications for different types of aluminum extrusions.³⁹ Also, in an industry such as the aluminum extrusions industry, where there are hundreds if not thousands of products, each designed for a specific use, the lack of interchangeability between KDs and other aluminum extrusions does not by itself provide any guidance on whether there is a clear dividing line between them.⁴⁰ We do recognize that there are some differences in the channels of distribution in which KDs and those in which other aluminum extrusions are sold in that some KDs are sold to shower enclosure distributors/retailers that do not carry other types of aluminum extrusions.⁴¹ In and of itself, however, this factor does not distinguish KDs from other extrusions.

Also, SDMA’s assertion that its members’ manufacturing facilities and production processes are fundamentally different from those of all other aluminum extrusion producers because the SDMA

³³ Aavid Prehearing Brief at 18.

³⁴ Aavid Prehearing Brief at 22-24 and Posthearing Brief at 9-10.

³⁵ Aavid Posthearing Brief at 10.

³⁶ Id.

³⁷ We are not persuaded by Petitioners’ argument that the relatively high prices of FHS should be discounted because much of the value added is in the form of services rendered rather than direct production activity. Petitioners Prehearing Brief at 12 and Posthearing Brief at Exh. 4. The fact that prices for FHS incorporate the costs of design and testing the product does not negate the fact that FHS command a premium price.

³⁸ CR at I-7, PR at I-7.

³⁹ See generally CR at I-11, PR at I-10.

⁴⁰ See, e.g., Certain Off-the-Road Tires from China, Inv. Nos. 701-TA-448 and 731-TA-1117 (Final), USITC Pub. 4031 (Aug. 2008) at 9.

⁴¹ SDMA Prehearing Brief at 16.

members do not perform the extrusion process is incorrect.⁴² Not all domestic producers of other types of aluminum extrusions perform the extrusion process; some producers engage only in precision finishing operations. Additionally, although it may be true, as SDMA asserts, that producers and customers perceive KDs as distinct products, there are many other aluminum extrusions that have distinct applications and that are perceived by producers and customers as distinct products.⁴³ Finally, although the prices of KDs may be higher than average for aluminum extrusions, they are not outside the range in which some of the more highly fabricated and customized products within the scope of these investigations are sold.⁴⁴ Thus, considering all of the information discussed above, we find on balance that there is no clear dividing line separating KDs from other aluminum extrusions within the scope of these investigations.

J-G Extrusions. We also find that J-G extrusions – unlike FHS – are not so distinct from other extrusions as to constitute a separate like product. J-G extrusions are not unique merely because they are produced to exacting, customized specifications; this is also the case for some other aluminum extrusions. J-G extrusions are also not distinct because of jewelry-grade finishes.⁴⁵ The fact that J-G extrusions have a specific use (in shower doors) does not set them apart from other aluminum extrusions; there are many distinct individual end-use applications for different types of aluminum extrusions.⁴⁶ Also, as with KDs, the lack of interchangeability between J-G extrusions and other aluminum extrusions does not in itself provide meaningful guidance on whether there is a clear dividing line.⁴⁷ The channels of distribution for J-G extrusions are similar to those for other aluminum extrusions; J-G extrusions are sold directly to shower door manufacturers, and other aluminum extrusions are sold predominantly to OEMs.

Also, SDMA members' manufacturing facilities, production processes, and employees do not set them apart from other aluminum extrusion producers. Other aluminum extrusion producers provide precision finishing and specialized finishes, including bright-dipping.⁴⁸ Additionally, although it may be true, as SDMA asserts, that producers and customers perceive J-G extrusions as distinct products, there are many other aluminum extrusions that have distinct applications and are perceived by producers and customers as distinct products.⁴⁹ Finally, although the prices of J-G aluminum extrusions may be higher than prices for most other aluminum extrusions, they are not outside the price range in which some of the more highly fabricated and customized products within the scope of these investigations are sold.⁵⁰ Thus, for the above reasons, we find on balance that there is no clear dividing line separating KDs from other aluminum extrusions within the scope of these investigations.

OPC Tubes. Floturn appeared in these investigations for the first time at the hearing and argued that organic OPC tubes should be treated as a separate domestic like product. According to Floturn, OPC tubes are made from a specialized high purity, high accuracy aluminum that makes them very distinct from the standard grade or custom grade extrusions that typify the scope of these investigations. Floturn also contends that OPC tubes are “not purchased based on price.” It further argues that OPC tubes require very distinct and proprietary manufacturing processes, including de-gassing and TKR filtration to five

⁴² SDMA Prehearing Brief at 17-18.

⁴³ See CR at III-11-12, PR at III-9.

⁴⁴ Hearing Tr. at 102 (Crowdis) and 155 (Brown).

⁴⁵ Petitioners Posthearing Brief at 5 n. 22 (noting examples of other aluminum extrusions that are polished or bright-dipped).

⁴⁶ See generally CR at I-11, PR at I-10.

⁴⁷ See, e.g., Certain Off-The-Road Tires from China, Inv. Nos. 701-TA-448 and 731-TA-1117 (Final), USITC Pub. 4031 (Aug. 2008) at 9.

⁴⁸ CR/PR at Table III-5.

⁴⁹ See CR at III-11-12, PR at III-9.

⁵⁰ Hearing Tr. at 102 (Crowdis) and 155 (Brown).

microns, and that they are not interchangeable with other extruded products.⁵¹ As Floturn did not raise this issue until the hearing, there is very little information in the record, however, regarding OPC tubes.⁵² Given that a lack of interchangeability and the use of precision manufacturing are not by themselves sufficient to distinguish a particular aluminum extrusion product from the wide variety of aluminum extrusions in these investigations, we find that OPC tubes are not a separate domestic like product.

For the foregoing reasons, we find that there are two domestic like products: (1) FHS and (2) all other aluminum extrusions corresponding to the scope of these investigations.

III. DOMESTIC INDUSTRY AND RELATED PARTIES

A. Legal Standards

The domestic industry is defined as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”⁵³ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to 19 U.S.C. § 1677(4)(B). Subsection 1677(4)(B) allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.⁵⁴ Exclusion of such a producer is within the Commission’s discretion based upon the facts presented in each investigation.⁵⁵

B. Certain Aluminum Extrusions Other Than FHS

For purposes of our determinations with respect to certain aluminum extrusions other than FHS, based on our definition of the domestic like product and our analysis of related parties below, we define the domestic industry as the domestic producers of certain aluminum extrusions other than FHS.^{56 57} The

⁵¹ Floturn Posthearing Written Statement of Information; Hearing Tr. at 195-197.

⁵² By expressly providing for the circulation of draft questionnaires for the final phase of investigations to the parties for comment, the Commission’s rules (19 C.F.R. § 207.20) seek to ensure that issues such as this will be raised early enough for appropriate data to be collected. . As the Commission explained when promulgating this rule, “[i]t is often impracticable to satisfy new data collection requests made during the later stages of a final phase investigation, given the need to collect, verify, and analyze data, release data under APO, and receive comments from the parties concerning data before the record closes.” Notice of Final Rulemaking, 61 Fed. Reg. 37818, 37826 (July 22, 1996).

⁵³ 19 U.S.C. § 1677(4)(A).

⁵⁴ 19 U.S.C. § 1677(4)(B).

⁵⁵ See Torrington Co. v. United States, 790 F. Supp. at 1168; Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int’l Trade 1989), aff’d without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int’l Trade 1987).

⁵⁶ SDMA members do not extrude aluminum; rather, they fabricate and finish extrusions that they purchase from other producers. SDMA Prehearing Brief at 7. We have considered whether the SDMA’s members engage in sufficient production-related activity to be deemed to be “domestic producers” of the subject merchandise, and we determine that they do. The Commission generally considers six factors in evaluating whether there is sufficient production-related activity: (1) source and extent of the firm’s capital investment; (2) technical expertise involved in
continue...

record indicates that the following twelve domestic producers are related parties because they imported subject merchandise during the period examined:^{58 ***.}⁵⁹

Nine of these domestic producers (***) accounted for such small proportions of domestic production that their inclusion or exclusion from the domestic industry would not significantly skew the industry-wide data.⁶⁰ We do not find any basis on the record of these investigations to exclude eight of these companies. We find, however, that appropriate circumstances do exist to exclude one of these producers, ***. Its imports of subject merchandise were *** short tons in 2008, *** short tons in 2009, and *** short tons in 2010.⁶¹ Its ratio of subject imports to domestic production was *** percent in 2008, *** percent in 2009, and *** percent in 2010.⁶² It stated that it imported subject merchandise ***.⁶³ Given these facts, we conclude that *** clearly accrued a substantial benefit from its importation of subject merchandise and, accordingly, we find that appropriate circumstances exist to exclude it from the domestic industry as a related party.⁶⁴

For the following reasons, we conclude that appropriate circumstances do not exist to exclude the three related parties whose domestic production was more significant than those discussed previously.

***. *** produced *** short tons of aluminum extrusions during the period examined, accounting for *** percent of domestic production. It was the fourth largest domestic producer during the period examined. It is a member of the Committee and supports the petition.⁶⁵ *** imports of subject merchandise in 2008 were *** short tons. It had no such imports in subsequent years. Its ratio of subject

⁵⁶...continue

U.S. production activities; (3) value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. See, e.g., Diamond Sawblades and Parts Thereof from China and Korea, Invs. Nos. 731-TA-1092-1093 (Final), USITC Pub. 3862 at 8-11 (July 2006). Based on the uncontested information provided by the SDMA, its members appear to have significant investments in domestic production facilities, with recent investments, in some cases, ***. The technical expertise involved in U.S. production goes beyond simple assembly and includes the development of technical drawings, the manufacture of extrusion dies, the fabrication of raw extrusions, and, in some cases, coating the extrusions. The range of value added by SDMA members is between *** percent of the value of the finished product. SDMA members source at least some parts in the United States; they employ significant numbers of workers; and there are at least some other costs and activities in the United States directly leading to the production of the like product. SDMA Prehearing Brief at 8-12.

⁵⁷ Vice Chairman Williamson and Commissioner Lane define the domestic industry as all domestic producers of certain aluminum extrusions including FHS.

⁵⁸ See 19 U.S.C. § 1677(4)(B)(i); CR/PR at Table III-8.

⁵⁹ Members of the SDMA include: (i) Arizona Shower Door, Inc.; (ii) Basco Manufacturing Company; (iii) Coastal Industries, Inc.; (iv) C.R. Laurence Co., Ltd; (v) Don's Mobile Glass; (vi) Hoskin & Muir, Inc. d/b/a Cardinal Shower Enclosures; and (vii) Southeastern Aluminum Products Inc.

⁶⁰ Moreover, two of these producers, ***, provided almost no industry data, so the question of whether to exclude them as related parties is largely moot.

⁶¹ CR/PR at Table III-8.

⁶² CR/PR at Table III-8.

⁶³ CR at III-18, PR at III-11.

⁶⁴ Vice Chairman Williamson and Commissioner Lane do not exclude *** from the domestic industry. The company's extremely small share of total domestic production means that the impact of its data on the aggregate data for aluminum extrusions is minimal. For the same reason they do not exclude from the domestic industry the ***.

⁶⁵ CR/PR at Table III-1.

imports to domestic production was *** percent in 2008.⁶⁶ *** stated that it imported subject merchandise ***.⁶⁷ *** ratio of operating income to net sales was ***.⁶⁸ ⁶⁹ Its 2008 performance was *** the industry average, while its 2009 and 2010 performance was *** the industry average.⁷⁰

We find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party. Its imports of subject merchandise were ***, and the ratio of those imports to its domestic production was ***, indicating that its interests are in domestic production. There is no evidence that it derived a significant benefit from its importation of subject merchandise.

***. *** was *** domestic producer during the period examined, accounting for *** percent of domestic production. It is a member of the Committee and supports the petition.⁷¹ *** imports of subject merchandise were *** short tons in 2008, *** short tons in 2009, and *** short tons in 2010. Its ratio of subject imports to domestic production was *** percent in 2008, *** percent in 2009, and *** percent in 2010.⁷² *** stated that it imported subject merchandise because ***.⁷³ *** ratio of operating income to net sales was ***. Its performance was *** the industry average in 2008 and 2009, and *** the industry average in 2010.⁷⁴

We find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party. The ratio of its imports to domestic production was *** throughout the period examined, indicating that its primary interest lies in domestic production. There is no evidence that it derived a significant benefit from its importation.

***. *** produced *** short tons of aluminum extrusions during the period examined, accounting for *** percent of domestic production. It *** the petition.⁷⁵ ***.⁷⁶ *** imports of subject merchandise were *** short tons in 2008. It had no such imports in subsequent years. Its ratio of subject imports to domestic production was *** percent in 2008.⁷⁷ *** stated that it imported subject merchandise ***.⁷⁸ *** ratio of operating income to net sales was ***. Its operating ratio was *** than the industry average in 2008 and 2009 and *** than the industry average in 2010.⁷⁹

⁶⁶ CR/PR at Table III-8.

⁶⁷ CR at III-18-19, PR at III-11.

⁶⁸ Consistent with her practice in past investigations and reviews, Commissioner Aranoff does not rely on individual-company operating income margins, which reflect a domestic producer's financial operations related to production of the domestic like product, in assessing whether a related party has benefitted from importation of subject merchandise. Rather, she determines whether to exclude a related party based principally on its ratio of subject imports to domestic production and whether its primary interests lie in domestic production or importation.

⁶⁹ Commissioner Pinkert does not rely upon companies' financial performance as a factor in determining whether there are appropriate circumstances to exclude them from the domestic industry in these investigations. The record is not sufficient to infer from their profitability on U.S. operations whether they have derived a specific benefit from importing. See Allied Mineral Products v. United States, 28 CIT 1861, 1865-67 (2004).

⁷⁰ CR/PR at Table G-1.

⁷¹ CR/PR at Table III-1.

⁷² CR/PR at Table III-8.

⁷³ CR at III-19, PR at III-11.

⁷⁴ CR/PR at Table G-1.

⁷⁵ CR/PR at Table III-1.

⁷⁶ CR/PR at III-4 n.4.

⁷⁷ CR/PR at Table III-8.

⁷⁸ CR at III-19-20, PR at III-11.

⁷⁹ CR/PR at Table G-1.

We find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party. Its imports of subject merchandise were ***, and the ratio of those imports to its domestic production was ***, indicating that its interests are in domestic production. There is no evidence that it derived a significant benefit from its importation. It is not known whether *** exported subject merchandise to the United States, but even if it did, there is no concrete evidence that *** has been shielded from any injury by virtue of its ***.

In conclusion, we define the domestic industry producing aluminum extrusions other than FHS as consisting of all domestic producers of such extrusions, other than ***.

C. Finished Heat Sinks

For purposes of our determination with respect to FHS, we define the domestic industry as all producers of FHS, as defined in the domestic like product discussion above. There were four domestic producers of FHS during the period examined: Aavid, Alexandria, Light Metals, and Wakefield. One of these producers, ***, is a related party because it imported subject merchandise during the period and because it ***.⁸⁰ Accordingly, we examine whether appropriate circumstances exist to exclude it from the domestic industry as a related party.

*** produced *** short tons of FHS during the period examined. Together with Wakefield, it accounts for almost all reported domestic FHS production.⁸¹ *** the petition.⁸² *** imports of subject merchandise were *** short tons in 2008, *** short tons in 2009, and *** short tons in 2010. Its ratio of subject imports to domestic production was *** percent in 2008, *** percent in 2009, and *** percent in 2010.⁸³ *** stated that it imported subject merchandise ***.⁸⁴ *** ratio of operating income to net sales was ***.⁸⁵ ⁸⁶ We find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party. Its ratio of its imports to net sales shows that its primary interest lies in domestic production. There appears to be no consistent correlation on a year-by-year basis between the levels of its importations and its financial performance. Although its financial performance was ***, there is no concrete evidence that it has been shielded from any injury by virtue of its corporate affiliation with two exporters in China, or that it has derived a significant benefit from its importations.

Consequently, we define the domestic industry for purposes of our determination with respect to FHS as consisting of all four domestic producers of FHS.

⁸⁰ CR/PR at III-4 n.3.

⁸¹ Aavid Prehearing Brief at 25.

⁸² CR/PR at Table III-1.

⁸³ CR/PR at Table III-8.

⁸⁴ CR at III-18, PR at III-11.

⁸⁵ As noted above, Commissioner Aranoff does not rely on individual-company operating income margins, which reflect a domestic producer's financial operations related to production of the domestic like product, in assessing whether a related party has benefitted from importation of subject merchandise.

⁸⁶ As noted above, Commissioner Pinkert does not rely upon companies' financial performance as a factor in determining whether there are appropriate circumstances to exclude them from the domestic industry in these investigations.

IV. MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁸⁷ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁸⁸ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁸⁹ In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁹⁰ No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁹¹

Although the statute requires the Commission to determine whether the domestic industry is “materially injured by reason of” unfairly traded imports,⁹² it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable exercise of its discretion.⁹³ In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the “by reason of” standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.⁹⁴

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include non-subject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to

⁸⁷ 19 U.S.C. §§ 1671d(b), 1673d(b).

⁸⁸ 19 U.S.C. § 1677(7)(B)(i). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each {such} factor ... and explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

⁸⁹ 19 U.S.C. § 1677(7)(A).

⁹⁰ 19 U.S.C. § 1677(7)(C)(iii).

⁹¹ 19 U.S.C. § 1677(7)(C)(iii).

⁹² 19 U.S.C. §§ 1671d(a), 1673d(a).

⁹³ Angus Chemical Co. v. United States, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) (“{T}he statute does not ‘compel the commissioners’ to employ {a particular methodology}.”), aff’d, 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

⁹⁴ The Federal Circuit, in addressing the causation standard of the statute, observed that “{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” Nippon Steel Corp. v. USITC, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in Mittal Steel Point Lisas Ltd. v. United States, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred “by reason of” the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.’” See also Nippon Steel Corp. v. United States, 458 F.3d 1345, 1357 (Fed. Cir. 2006); Taiwan Semiconductor Industry Ass’n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.⁹⁵ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁹⁶ Nor does the “by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as non-subject imports, which may be contributing to overall injury to an industry.⁹⁷ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁹⁸

Assessment of whether material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to the subject imports.”^{99 100} Indeed, the

⁹⁵ Statement of Administrative Action (“SAA”) on Uruguay Round Agreements Act (“URAA”), H.R. Rep. 103-316, Vol. I at 851-52 (1994) (“{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); accord Mittal Steel, 542 F.3d at 877.

⁹⁶ SAA at 851-52 (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports.”); Taiwan Semiconductor Industry Ass’n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001) (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); Asociacion de Productores de Salmon y Trucha de Chile AG v. United States, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); see also Softwood Lumber from Canada, Invs. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that “{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, i.e., it is not an ‘other causal factor,’ then there is nothing to further examine regarding attribution to injury”), citing Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997) (the statute “does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.”).

⁹⁷ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁹⁸ See Nippon Steel Corp., 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

⁹⁹ Mittal Steel, 542 F.3d at 877-78; see also id. at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.”) citing United States Steel Group v. United States, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75.

¹⁰⁰ Commissioner Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in Bratsk, 444 F.3d 1369, and Mittal, held that the Commission is required, in certain circumstances when considering present material injury, to undertake a particular kind of analysis of non-subject imports, albeit without reliance upon presumptions or rigid formulas. Mittal explains as follows:

What Bratsk held is that “where commodity products are at issue and fairly traded, price-competitive, non-continue...

Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”¹⁰¹

The Federal Circuit’s decisions in Gerald Metals, Bratsk, and Mittal Steel all involved cases where the relevant “other factor” was the presence in the market of significant volumes of price-competitive non-subject imports. The Commission interpreted the Federal Circuit’s guidance in Bratsk as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive non-subject imports.¹⁰² The additional “replacement/benefit” test looked at whether non-subject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago determination that underlies the Mittal Steel litigation.

Mittal Steel clarifies that the Commission’s interpretation of Bratsk was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have “evidence in the record” to “show that the harm occurred ‘by reason of’ the LTFV imports,” and requires that the Commission not attribute injury from non-subject imports or other factors to subject imports.¹⁰³ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to Bratsk.

The progression of Gerald Metals, Bratsk, and Mittal Steel clarifies that, in cases involving commodity products where price-competitive non-subject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.^{104 105}

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence

¹⁰⁰...continue

subject imports are in the market,” the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, Bratsk requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

¹⁰¹ Nucor Corp. v. United States, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also Mittal Steel, 542 F.3d at 879 (“Bratsk did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was ‘by reason’ of subject imports.”).

¹⁰² Mittal Steel, 542 F.3d at 875-79.

¹⁰³ Mittal Steel, 542 F.3d at 873 (quoting from Gerald Metals, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission’s alternative interpretation of Bratsk as a reminder to conduct a non-attribution analysis).

¹⁰⁴ Commissioner Lane also refers to her dissenting views in Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Invs. Nos. 731-TA-1131 to 1134 (Final), USITC Pub. 4040 (Oct. 2008), for further discussion of Mittal Steel.

¹⁰⁵ To that end, after the Federal Circuit issued its decision in Bratsk, the Commission began to present published information or send out information requests in final phase investigations to producers in non-subject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large non-subject import suppliers). In order to provide a more complete record for the Commission’s causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in final phase investigations in which there are substantial levels of non-subject imports.

standard.¹⁰⁶ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.¹⁰⁷

B. Material Injury by Reason of Subject Certain Aluminum Extrusions Other Than Finished Heat Sinks¹⁰⁸

1. Conditions of Competition¹⁰⁹

The following conditions of competition inform our analysis in the final phase of these investigations.

a. Demand Conditions

Aluminum extrusions are used in a wide variety of applications. Major end-use applications include building and construction, transportation, and engineered products.¹¹⁰ The main factors that drive demand for the aluminum extrusion industry are employment, housing starts, and gross domestic product (GDP). The first two of these indicators have declined since 2008. GDP was essentially flat in 2008, declined in 2009, and grew in 2010.¹¹¹

Apparent U.S. consumption of aluminum extrusions declined over the period examined. The quantity of apparent U.S. consumption fell from *** million short tons in 2008 to *** million short tons in 2009, and then rose to *** million short tons in 2010.¹¹² Apparent U.S. consumption was *** percent lower in 2010 than in 2008. This decline in consumption was reflected in the views of producers, importers, and purchasers responding to the Commission's questionnaires, most of whom reported that demand for aluminum extrusions has been declining since 2008.¹¹³

¹⁰⁶ We provide in our respective discussions of volume, price effects, and impact a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

¹⁰⁷ Mittal Steel, 542 F.3d at 873; Nippon Steel Corp., 458 F.3d at 1350, citing U.S. Steel Group, 96 F.3d at 1357; S. Rep. 96-249 at 75 (“The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.”).

¹⁰⁸ In these investigations, subject imports accounted for more than 3 percent of the volume of certain aluminum extrusions imported into the United States from all sources in the most recent 12-month period for which data are available preceding the filing of the petition. CR/PR at IV-2 n.3. Thus, we find that subject imports are not negligible under 19 U.S.C. § 1677(24).

¹⁰⁹ Because Vice Chairman Williamson and Commissioner Lane find a single like product that includes FHS, and because they have not excluded *** from the domestic industry, they have used as the basis of their determination the data in Table C-1 as well as the many tables in the staff report with the heading “Aluminum extrusions.” Although the majority has adjusted these figures as necessary to remove FHS and ***, the adjusted data are nearly identical to the unadjusted data. Therefore, Vice Chairman Williamson and Commissioner Lane join the following sections on Conditions of Competition, Volume, Price Effects and Impact that use the adjusted data.

¹¹⁰ CR at I-11, PR at I-10.

¹¹¹ CR at II-8, PR at II-7.

¹¹² Derived from CR/PR at Tables C-1 and E-1.

¹¹³ CR/PR at Table II-2 and CR at II-8, PR at II-5.

Because most aluminum extrusions are engineered for particular applications, no other products can be immediately substituted for aluminum extrusions except in rare circumstances. Several products can be substituted for aluminum extrusions, however, in the design phase of the product cycle.¹¹⁴

b. Supply Conditions

There are numerous U.S. producers of aluminum extrusions. The petition identified 104 potential U.S. producers in addition to the eleven members of the Committee.¹¹⁵ The Commission received questionnaire responses from *** domestic producers of aluminum extrusions other than FHS.¹¹⁶ The domestic industry is moderately concentrated, with one producer, Sapa, accounting for more than *** of reported U.S. domestic production,¹¹⁷ and the six leading U.S. producers accounting for more than *** percent of production. By contrast, 38 of the responding producers individually accounted for less than one percent of reported domestic production.¹¹⁸

There have been several changes in domestic production facilities during the period examined. Nine U.S. producers reported that they closed a total of 20 plants.¹¹⁹ On the other hand, several firms expanded or upgraded production facilities.¹²⁰ In 2009, Sapa expanded its operations by acquiring the assets of Indalex, a former U.S. producer of aluminum extrusions that had filed for chapter 11 bankruptcy.¹²¹

The domestic industry was the largest supplier of aluminum extrusions to the U.S. market throughout the period examined. Its share of the quantity of apparent U.S. consumption, however, fell from *** percent in 2008 to *** percent in 2010.¹²² China was the second largest supplier of aluminum extrusions to the U.S. market in each year of the period examined. Chinese producers' share of the quantity of apparent U.S. consumption increased from *** percent in 2008 to *** percent in 2010.¹²³ The percentage of the quantity of apparent U.S. consumption supplied by nonsubject sources declined from *** percent in 2008 to *** percent in 2010.¹²⁴ Most nonsubject imports throughout the period examined were from Canada.¹²⁵

¹¹⁴ CR at II-10, PR at II-7.

¹¹⁵ Petition, exs. I-1, I-2.

¹¹⁶ CR/PR at III-1.

¹¹⁷ CR/PR at III-4.

¹¹⁸ CR/PR, Table III-1.

¹¹⁹ CR at III-6, PR at III-5-6.

¹²⁰ CR at III-7, PR at III-6.

¹²¹ CR at III-7, PR at III-6.

¹²² Derived from CR/PR at Tables C-1 and E-1.

¹²³ Derived from CR/PR at Tables C-1 and E-1.

¹²⁴ Derived from CR/PR at Tables C-1 and E-1.

¹²⁵ Derived from CR/PR at Tables C-1 and E-1.

c. Other Conditions of Competition

Raw material costs accounted for approximately 66.2 percent of domestic producers' total cost of goods sold in 2010, and primary aluminum is the main raw material used to create aluminum extrusions.¹²⁶ Primary aluminum is globally traded in markets such as the London Metal Exchange (LME).¹²⁷ LME aluminum prices fluctuated substantially over the period examined, decreasing by 42 percent between January 2008 and January 2009, and then increasing by 81 percent between January 2009 and March 2010. The March 2010 price was marginally above the January 2008 price.¹²⁸

Domestic extruders have little ability to negotiate on or change their primary aluminum costs. Thus, their price negotiations with purchasers tend to focus on the extrusion or "conversion" costs.¹²⁹

Producers, importers, and purchasers agree that aluminum extrusions of the same type, regardless of source, are highly interchangeable. U.S. producers, importers, and purchasers compared aluminum extrusions from the United States, China, Canada, and other nonsubject sources. For each comparison, substantial majorities of producers, importers, and purchasers indicated that products from different sources were always or frequently interchangeable.¹³⁰ In addition, most purchasers perceive quality and price to be among the top three factors they consider when making a purchasing decision.¹³¹

2. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."¹³²

The quantity of subject imports in the U.S. market increased from *** short tons in 2008 to *** short tons in 2009, before declining to *** short tons in 2010.¹³³ Subject imports were substantially higher in the first nine months of 2010 – before Commerce announced its preliminary determination in the countervailing duty investigation¹³⁴ – than in the first nine months of 2009.¹³⁵ Subject imports declined sharply after Commerce's preliminary determination in the countervailing duty investigation was

¹²⁶ CR at V-1, PR at V-1.

¹²⁷ CR at V-1, PR at V-1.

¹²⁸ CR/PR at V-1, Figure V-1.

¹²⁹ Hearing Tr. at 58 (Woodings), Petitioners Prehearing Brief at 25.

¹³⁰ CR at II-17-19, PR at II-12-13.

¹³¹ CR/PR at Table II-3.

¹³² 19 U.S.C. § 1677(7)(C)(i).

¹³³ Derived from CR/PR at Tables C-1 and E-1.

¹³⁴ Commerce's preliminary countervailing duty determination was published in September 2010, and its preliminary antidumping duty determination was published in November 2010. 75 Fed. Reg. 54302 (Sept. 7, 2010) and 75 Fed. Reg. 69403 (Nov. 12, 2010).

¹³⁵ Subject imports were 196,547 short tons in the first nine months of 2010 and 124,936 short tons in the first nine months of 2009. See Aluminum Extrusions: US Imports, By Source and By Month, 2008-2010.

published in September 2010.¹³⁶ We consider the decline in subject imports in the final three months of 2010 to be related to the pendency of these investigations.¹³⁷

The market share of subject imports was *** percent in 2008, *** percent in 2009, and *** percent in 2010.¹³⁸ We note that the sharp increases in subject imports and subject imports' market share between 2008 and 2009 are significant because they came at a time when apparent U.S. consumption was declining.¹³⁹ Moreover, the significant increase in subject imports' market share came almost entirely at the expense of the domestic industry, as subject imports displaced domestic shipments in the U.S. market. As subject imports gained *** percentage points of market share between 2008 and 2009, the domestic industry lost *** percentage points of market share and nonsubject imports lost *** percentage points of market share.¹⁴⁰ As indicated above, the gains in market share made by subject imports in 2009 remained largely *** in 2010.

The increasing presence of subject imports in the U.S. market during the period examined is also apparent when subject imports are considered relative to U.S. production. The ratio of subject imports to domestic production was *** percent in 2008, *** percent in 2009, and *** percent in 2010.¹⁴¹

We conclude that subject import volume is significant, both in absolute terms and relative to consumption and production in the United States, and that the increase in subject import volume and market share is also significant.

3. Price Effects of the Subject Imports

Section 771(C)(ii) of the Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether – (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.¹⁴²

As addressed in section IV.B.1.C. above, the record indicates that there is a high degree of substitutability between subject imports and the domestic like product and that price, along with quality, is an important consideration for purchasers choosing among competing aluminum extrusion suppliers.

¹³⁶ The average quantity of monthly imports was 21,838 short tons in the first nine months of 2010 and 1,215 short tons in the last three months of 2010. See Aluminum Extrusions: US Imports, By Source and By Month, 2008-2010.

¹³⁷ The statute directs us to “consider whether any change in the volume, price effects, or impact of imports of the subject merchandise since the filing of the petition in an investigation ... is related to the pendency of the investigation and, if so, the Commission may reduce the weight accorded to the data for the period after the filing of the petition in making its determination of material injury, threat of material injury, or material retardation of the establishment of an industry in the United States.” 19 U.S.C. § 1677(7)(I).

¹³⁸ Derived from CR/PR at Tables C-1 and E-1.

¹³⁹ The quantity of apparent U.S. consumption fell from *** million short tons in 2008 to *** million short tons in 2009. Derived from CR/PR at Tables C-1 and E-1.

¹⁴⁰ Derived from CR/PR at Tables C-1 and E-1. From 2008 to 2009, the market share of subject imports increased from *** percent to *** percent, while the domestic industry's market share fell from *** percent to *** percent and nonsubject imports' market share fell from *** percent to *** percent.

¹⁴¹ Derived from CR/PR at Tables C-1 and E-1.

¹⁴² 19 U.S.C. § 1677(7)(C)(ii).

Twenty-six domestic producers and thirteen importers provided usable quarterly net U.S. f.o.b. selling price data for six products.¹⁴³ Pricing data reported by these firms accounted for approximately nine percent of 2010 U.S. producers' shipments of aluminum extrusions and four percent of 2010 U.S. shipments of subject imports from China.¹⁴⁴ These data indicate that subject imports pervasively undersold the domestic like product throughout the period examined, with the exception of product ***, for which there were no sales of subject imports.¹⁴⁵ Specifically, between the first quarter of 2008 and the fourth quarter of 2010, subject imports undersold the domestic like product in 43 of 58 quarterly comparisons, or 74 percent of the time, at margins ranging from 1.6 to 66.1 percent.¹⁴⁶ Accordingly, we find underselling of the domestic like product by subject imports to be significant. Consistent with the pervasive underselling, domestic producers lost numerous sales to subject imports. Lost sales allegations involving 15.4 million pounds and \$22.7 million were confirmed.¹⁴⁷

We find no clear evidence that subject import underselling depressed or suppressed prices for the domestic like product to a significant degree. Domestic prices for some of the pricing products (products 2, 4, and 5) decreased over the period examined, while domestic prices for other products (products 1, 3, and 6) increased.¹⁴⁸ The domestic industry's ratio of cost of goods sold ("COGS") to the value of net sales declined from *** percent in 2008 to *** percent in 2010,¹⁴⁹ suggesting that prices were not being significantly suppressed in relation to costs.

Nevertheless, the pervasive underselling by subject imports allowed those imports to take sales volume and market share from the domestic industry. The record evidence concerning both shifts in market share and specific sales lost by domestic producers to subject imports support our finding that subject import underselling was a significant factor in the domestic industry's loss of market share to subject imports.

In sum, we conclude that subject imports have had a significant adverse effect on domestic producers' prices for aluminum extrusions other than FHS.

4. Impact of the Subject Imports¹⁵⁰

Section 771(7)(C)(iii) of the Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry."¹⁵¹ These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor

¹⁴³ Derived from U.S. Producer and Importer Questionnaire Responses.

¹⁴⁴ Derived from CR/PR at Tables V-3 to V-8 and Producer Questionnaire Responses.

¹⁴⁵ Derived from CR/PR at Tables V-3 to V-8.

¹⁴⁶ Derived from CR/PR at Tables V-3 to V-8.

¹⁴⁷ See CR/PR at Table V-12.

¹⁴⁸ CR/PR at Figure V-2.

¹⁴⁹ Derived from CR/PR at Tables C-1 and E-1.

¹⁵⁰ We have considered the magnitude of the dumping margins found by Commerce. In its final antidumping duty determination, Commerce found margins ranging from 32.79 percent to 33.28 percent. CR at I-6, PR at I-5. We recognize that these margins were based on a class or kind of merchandise that was defined more broadly than certain aluminum extrusions other than FHS.

¹⁵¹ 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.")

is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”¹⁵²

We find that subject imports had a significant adverse impact on the domestic industry between 2008 and 2010. Almost all of the domestic industry’s performance indicators declined significantly from 2008 to 2009, during which time the domestic industry lost *** percentage points of market share to subject imports. The domestic industry’s performance improved somewhat from 2009 to 2010, but it remained at lower levels in 2010 than in 2008.

The domestic industry’s capacity declined from *** short tons in 2008 to *** short tons in 2009 and increased to *** short tons in 2010. Its production declined from *** short tons in 2008 to *** short tons in 2009 and increased to *** short tons in 2010. Its capacity utilization fell from *** percent in 2008 to *** percent in 2009 and then recovered somewhat to *** percent in 2010. The domestic industry’s U.S. shipments were *** short tons in 2008, *** short tons in 2009, and *** short tons in 2010. Its net sales were *** short tons in 2008, *** short tons in 2009, and *** short tons in 2010. Domestic industry end-of-period inventories were *** short tons in 2008, *** short tons in 2009, and *** short tons in 2010. The domestic industry’s share of apparent U.S. consumption by quantity declined from *** percent in 2008 to *** percent in 2009 and then recovered slightly to *** percent in 2008.¹⁵³

The domestic industry’s employment indicators showed steep declines. The average number of production workers declined *** percent between 2008 and 2010, from *** to ***, and wages paid declined *** percent, from \$*** to \$***.¹⁵⁴

The domestic industry’s financial condition was poor over much of the period examined. The industry’s net sales value declined *** percent over the period, falling from \$*** in 2008 to \$*** in 2009 before recovering somewhat to \$*** in 2010.¹⁵⁵ Its operating income declined from a loss of \$*** (or negative *** percent of sales) in 2008 to a loss of \$*** (or negative *** percent of sales) in 2009, before recovering to a positive \$*** million (or *** percent of sales) in 2010.¹⁵⁶ The industry’s return on investment was negative 1.5 percent in 2008, negative 3.9 percent in 2009, and positive 4.2 percent in 2010.¹⁵⁷ Domestic industry capital expenditures declined by *** percent between 2008 and 2010, and R&D expenditures were \$12.5 million in 2008, \$11.5 million in 2009, and \$10.5 million in 2010.¹⁵⁸

We have considered whether there are other factors that have had an impact on the domestic industry. As noted above, nonsubject imports were only a modest and declining factor in the U.S. market during the period examined.^{159 160} Most nonsubject imports were from Canada.¹⁶¹ In 2009, the year in

¹⁵²19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Prelim.), USITC Pub. 3155 at 25 n.148 (Feb. 1999).

¹⁵³ Derived from CR/PR at Tables C-1 and E-1.

¹⁵⁴ Derived from CR/PR at Tables C-1 and E-1. The industry’s labor productivity fluctuated over the period, declining from *** tons per thousand hours in 2008 to *** tons per thousand hours in 2009 before increasing to *** tons per thousand hours in 2010. Id.

¹⁵⁵ Derived from CR/PR at Tables C-1 and E-1.

¹⁵⁶ Derived from CR/PR at Tables C-1 and E-1.

¹⁵⁷ CR/PR at Table VI-4.

¹⁵⁸ CR/PR at Table VI-4.

¹⁵⁹ The record makes clear that a number of U.S. producers of aluminum extrusions have production facilities in both the United States and Canada and that their shipments of product between the two countries are determined in most instances by the capabilities of their individual plants. CR at VII-13-14, PR at VII-10.

¹⁶⁰ Based on the record evidence in these investigations, Commissioner Pinkert finds that price competitive, nonsubject imports were a significant factor in the U.S. aluminum extrusions market during the period under examination. He also finds, however, that, regardless of whether aluminum extrusions constitute a commodity

continue...

which the domestic industry's performance was the worst during the period examined, nonsubject imports from Canada declined by over *** percent.¹⁶² Moreover, the quarterly pricing data collected in these investigations show that nonsubject imports from Canada were generally priced higher than the domestic product and subject imports.¹⁶³

Although the general economic downturn played a role in the domestic industry's deteriorating performance, we find that the decline in demand associated with the downturn does not explain the magnitude of the deterioration in the domestic industry's performance. Although the quantity of U.S. consumption declined *** percent over the period examined, the magnitude of the declines in the indicators of industry performance was generally much greater. For example, production declined *** percent, capacity utilization declined *** percent, shipments declined *** percent, the quantity of net sales declined *** percent, and market share declined *** percent. We find that the economic downturn in 2008-09 does not sever the causal link between subject imports and the injury suffered by the domestic industry, and we do not attribute to subject imports the effects of any adverse demand conditions.

Based on all the foregoing trends, we find that there is a causal nexus between subject imports and the deteriorating condition of the domestic industry. This conclusion is based on the substantial increase in subject import volume and market share, driven by pervasive underselling, which had a significant adverse impact on the domestic industry between 2008 and 2010, which demonstrates that the domestic industry is materially injured by reason of subject imports.

C. No Material Injury By Reason Of Subject Finished Heat Sinks^{164 165}

As explained above, we are defining FHS to be fabricated heat sinks, sold to electronics manufacturers, the design and production of which are organized around meeting certain specified thermal performance requirements and which have been fully, albeit not necessarily individually, tested to comply with such requirements.¹⁶⁶

¹⁶⁰ ...continue

product, had the subject imports exited the U.S. market during the period, nonsubject imports would not have replaced them without benefit to the domestic industry. Nonsubject imports declined significantly, and their market share declined as well. CR/PR at Table IV-2. There is no information on the record to indicate that such imports could have increased sufficiently to replace the subject imports. In addition, Canada was the predominant source of nonsubject imports. The record makes clear that a number of U.S. producers of aluminum extrusions have production facilities in both the United States and Canada and that their shipments of product between the two countries are determined in most instances by the capabilities of their individual plants. Therefore, in the absence of the subject imports, it is unlikely that such producers would have significantly increased imports from Canada into the United States. Finally, imports from Canada were sold at higher prices than imports from China (and even at higher prices than the domestic like product). CR/PR at Figure V-2. Thus, even if nonsubject imports had replaced the subject imports, the record indicates that antidumping relief would nevertheless have benefited the domestic industry through higher prices.

¹⁶¹ Derived from CR/PR at Tables C-1 and E-1.

¹⁶² Derived from CR/PR at Tables C-1 and E-1.

¹⁶³ See CR/PR at Tables V-3 and V-5.

¹⁶⁴ The pertinent legal standards are discussed in section III.B. above.

¹⁶⁵ There is nothing in the record of these investigations to indicate that subject imports of FHS were negligible under 19 U.S.C. § 1677(24).

¹⁶⁶ Although this wording clarifies the definition used in the questionnaire, we note that the dataset we collected for our determinations is consistent with it.

1. Conditions of Competition¹⁶⁷

Several conditions of competition inform our analysis in the final phase of these investigations. FHS producers provide thermal management solutions to the electronics and semiconductor industries. Thus, demand for FHS is driven by the needs of manufacturers of electronics and computer equipment. FHS are sold by the piece, and their price reflects the value added by complex engineering and fabrication requirements.¹⁶⁸

Although there are four domestic producers of FHS, two firms – Aavid and Wakefield – account for almost all FHS production.¹⁶⁹ The production of FHS typically requires significant investment in the sophisticated thermal testing equipment that is required by FHS customers.¹⁷⁰

2. Volume of Subject Imports¹⁷¹

The quantity of subject imports in the U.S. market declined from *** short tons in 2008 to *** short tons in 2009, and then increased to *** short tons in 2010.¹⁷² The market share of subject imports was *** percent in 2008, *** percent in 2009, and *** percent in 2010.¹⁷³ The ratio of subject imports to domestic production was *** percent in 2008, *** percent in 2009, and *** percent in 2010.¹⁷⁴

We determine that the volume and market share of subject imports were, at best, moderate by the end of the period examined. Thus, notwithstanding the fact that there was a net increase in subject import volume and market share during the period examined, we conclude that subject import volume is not significant, either in absolute terms or relative to consumption and production in the United States, and that the increase in subject import volume and market share also is not significant.

4. Price Effects of the Subject Imports¹⁷⁵

One domestic producer and one importer provided usable quarterly net U.S. f.o.b. selling price data for one FHS product.¹⁷⁶ These data yielded only one quarterly comparison, in the third quarter of 2009, in which the subject imports oversold the domestic like product by *** percent.¹⁷⁷ Prices for the domestic product were generally stable from the first quarter of 2008 through the first quarter of 2009, there were no sales of the domestic product in the second quarter of 2009, and in the third quarter of 2009 the price of the domestic product dropped sharply.¹⁷⁸ We cannot conclude from this drop in prices in one quarter (there were no reported sales of the domestic product after the third quarter of 2009) that the subject imports depressed domestic prices, especially as subject imports oversold the domestic product in

¹⁶⁷ The pertinent legal standards are discussed in section IB.B.1. above.

¹⁶⁸ Aavid Prehearing Brief at 2-3.

¹⁶⁹ Aavid Prehearing Brief at 3.

¹⁷⁰ Hearing Tr. at 172 (Soucy).

¹⁷¹ The pertinent legal standards are discussed in section IV.B.2. above.

¹⁷² CR/PR at Table E-2.

¹⁷³ Derived from Tables E-1 and E-2.

¹⁷⁴ Derived from Tables E-1 and E-2.

¹⁷⁵ The pertinent legal standards are discussed in section IV.B..3. above.

¹⁷⁶ CR at V-6; PR at V-4-5.

¹⁷⁷ CR/PR at Table V-9.

¹⁷⁸ CR/PR at Table V-9.

that quarter. In addition, the industry's ratio of COGS to net sales declined from *** percent in 2008 to *** percent in 2010,¹⁷⁹ suggesting that prices were not being significantly suppressed in relation to costs.

We recognize that the utility of the pricing data for FHS on the record in these final phase investigations is limited. This is not only because of the limited data on the record, but also because FHS are sold by the piece rather than by the pound, making a short-ton-based AUV analysis of limited value. In addition, all of the pricing data (both the imports and the domestic sales) are associated with the same firm, ***. Nonetheless, based on the limited data on the record, we find no evidence that there has been significant price underselling of the domestic like product by the imported merchandise or that the effects of imports of such merchandise otherwise significantly depressed or suppressed prices of the domestic like product.

5. Impact of the Subject Imports^{180 181}

We find that subject imports did not have a significant adverse impact on the domestic industry in the period examined because there is no correlation between trends in imports and the performance of the domestic industry. As described below, the domestic industry's generally healthy performance weakened between 2008 and 2009, when subject imports declined, and it improved from 2009 to 2010, when subject imports rose.

The domestic industry's capacity remained constant over the period examined at *** short tons.¹⁸² Its production declined from *** short tons in 2008 to *** short tons in 2009, and then increased to *** short tons in 2010.¹⁸³ Its capacity utilization fell from *** percent in 2008 to *** percent in 2009 and then recovered somewhat to *** percent in 2010.¹⁸⁴ The domestic industry's U.S. shipments were *** short tons in 2008, *** short tons in 2009, and *** short tons in 2010.¹⁸⁵ Its net sales were *** short tons in 2008, *** short tons in 2009, and *** short tons in 2010.¹⁸⁶ Domestic industry end-of-period inventories were *** short tons in 2008, *** short tons in 2009, and *** short tons in 2010.¹⁸⁷ The industry's share of apparent U.S. consumption by quantity was *** percent in 2008, *** percent in 2009, and *** percent in 2010.¹⁸⁸

The domestic industry's average number of production workers declined from *** in 2008 to *** in 2009 and *** in 2010. Wages paid were \$*** in 2008, \$*** in 2009, and \$*** in 2010.¹⁸⁹

The domestic industry's net sales value declined from \$*** in 2008 to \$*** in 2009 and then rose to \$*** in 2010. Its operating income declined from \$*** (or *** percent of sales) in 2008 to \$***

¹⁷⁹ Derived from CR/PR at Tables C-1 and E-1.

¹⁸⁰The pertinent legal standards are discussed in section IV.B.4. above.

¹⁸¹We have considered the magnitude of the dumping margins found by Commerce. In its final determinations, Commerce found margins on subject imports of aluminum extrusions (not FHS alone) ranging from 32.79 percent to 33.28 percent. CR at I-6, PR at I-5. As these margins were based on a much broader class or kind of merchandise than FHS, we find this information of limited usefulness.

¹⁸² CR/PR at Table E-1.

¹⁸³ CR/PR at Table E-1.

¹⁸⁴ CR/PR at Table E-1.

¹⁸⁵ CR/PR at Table E-1.

¹⁸⁶ CR/PR at Table E-1.

¹⁸⁷ CR/PR at Table E-1.

¹⁸⁸ Derived from CR/PR at Tables C-1 and E-1.

¹⁸⁹ Derived from CR/PR at Tables E-1 and C-1, and ***. The industry's labor productivity increased from *** tons per thousand hours in 2008 to *** tons per thousand hours in 2009 and *** tons per thousand hours in 2010.

Id.

(or *** percent of sales) in 2009, before recovering to \$*** million (or *** percent of sales) in 2010.¹⁹⁰ The industry's capital expenditures were \$*** in 2008, \$*** in 2009, and \$*** in 2010.¹⁹¹

Although the indicators of the domestic industry's condition declined from 2008 to 2009 and, in many cases, remained lower in 2010 than they had been in 2008, there was no correlation between trends in the subject imports and the industry's condition. For example, subject import volume and market share were highest in 2010, when many of the domestic industry's indicators showed improvement. Thus, we find that the record does not demonstrate the requisite causal nexus between the subject imports and the condition of the domestic industry. Consequently, we determine that subject FHS imports are not having a significant adverse impact on the domestic industry.

D. No Threat of Material Injury By Reason of Subject Finished Heat Sinks

Section 771(7)(F) of the Act directs the Commission to determine whether an industry in the United States is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."¹⁹² The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole."¹⁹³ In making our determination, we have considered all factors that are relevant to these investigations.¹⁹⁴

¹⁹⁰ CR/PR at Table E-1.

¹⁹¹ CR/PR at Table E-1.

¹⁹² 19 U.S.C. §§ 1677d(b) and 1677(7)(F)(ii).

¹⁹³ 19 U.S.C. § 1677(7)(F)(ii). An affirmative threat determination must be based upon "positive evidence tending to show an intention to increase the levels of importation." Metallwerken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int'l Trade 1990), citing American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1280 (Ct. Int'l Trade 1984); see also Calabrian Corp. v. United States, 794 F. Supp. 377, 387-88 (Ct. Int'l Trade 1992), citing H.R. Rep. No. 98-1156 at 174 (1984).

¹⁹⁴ 19 U.S.C. § 1677(7)(F). The Commission must consider, in addition to other relevant economic factors, the following statutory factors in its threat analysis:

- (I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement and whether imports of the subject merchandise are likely to increase,
 - (II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,
 - (III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,
 - (IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,
 - (V) inventories of the subject merchandise,
 - (VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,
 - (VII) in any investigation under this subtitle which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 1671d(b)(1) or 1673d(b)(1) of this title with respect to
- continue...

Based on the indicators of the industry's performance discussed above, we find that the industry is not currently in a weakened state and is not vulnerable to material injury. For the reasons discussed below, we determine that the domestic industry is not threatened with material injury by reason of subject imports from China.¹⁹⁵

Although the volume and market share of subject imports rose over the period examined,¹⁹⁶ they remained at moderate levels in 2010 and do not suggest the likelihood of substantially increased imports in the imminent future. Aavid's production facility in China was the only foreign FHS producer to report data to the Commission. It appears to be the largest exporter of subject FHS to the United States.¹⁹⁷ Although the available data on the Chinese industry show that production increased over the period

¹⁹⁴...continue

either the raw agricultural product or the processed agricultural product (but not both),
(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and
(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

19 U.S.C. § 1677(7)(F)(i). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to a material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the price effects analysis, and statutory threat factor (IX) is discussed in the impact analysis. Statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved in these investigations. There was no argument that the industry is currently engaging or will imminently engage in any efforts to develop a derivative or more advanced version of the domestic like product, which would implicate statutory threat factor (VIII).

¹⁹⁵ In its final countervailing duty determination, Commerce found the following 21 programs to be countervailable: Exemption From City Construction Tax and Education Tax for FIEs; GOC and Sub-Central Government Grants, Loans, and Other Incentives; Two Free, Three Half Income Tax Exemptions for FIEs; Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises; International Market Exploration Fund (SME Fund); Preferential Tax Program for FIEs Recognized as High or New; Policy Loans to Chinese Aluminum Extrusion Producers; Fund for SME Bank-Enterprise Cooperation Projects; Special Fund for Significant Science and Technology in Guangdong Province; Fund for Economic, Scientific, and Technology Development; K. Provincial Fund for Fiscal and Technological Innovation; Provincial Loan Discount Special Fund for SMEs; Export Rebate for Mechanic, Electronic, and High-Tech Products; PGOG Special Fund for Energy Saving Technology Reform; PGOG Science and Technology Bureau Project Fund (Also Referred to as Guangdong Industry, Research, University Cooperating Fund); PGOG Tax Offset for Research and Development (R&D); Refund of Land-Use Tax for Firms Located in the Zhaoqing New and High-Tech Industrial Development Zone (ZHTDZ); Development Assistance Grants from the ZHTDZ Local Authority; Provision of Primary Aluminum for LTAR; Provision of Land-Use Rights and Fee Exemptions To Enterprises Located in the ZHTDZ for LTAR; and Provision of Land-Use Rights to Enterprises Located in the South Sanshui Science and Technology Industrial Park for LTAR. CR at I-4-5, PR at I-4-5. Commerce found the following net subsidy rates: 8.02 percent for Zhaoqing New Zhongya Aluminum Co., Ltd., Zhongya Shaped Aluminum HK Holding Ltd., and Karlton Aluminum Company Ltd.; 9.94 percent for Guang Ya Aluminum Industries Co., Ltd., Foshan Guangcheng Aluminum Co., Ltd., Guang Ya Aluminum Industries Hong Kong, Kong Ah International Company Limited, and Yongji Guanghai Aluminum Industry Co., Ltd.; and 374.15 percent for all others. CR/PR at Table I-2.

¹⁹⁶ As discussed above, the quantity of subject imports in the U.S. market rose from *** short tons in 2008 to *** short tons in 2010, and the market share of subject imports rose from *** percent in 2008 to *** percent in 2010. The ratio of subject imports to domestic production rose from *** percent in 2008 to *** percent in 2010. Derived from Tables E-1 and E-2.

¹⁹⁷ Aavid Prehearing Brief at 27.

examined and is projected to increase further,¹⁹⁸ the industry's capacity utilization rate also increased and was at a fairly high level at the end of the period examined.¹⁹⁹ Based on the available data, even if the Chinese industry used all of its excess capacity to increase exports to the United States, the level of additional exports would still be relatively small compared to FHS production in the United States.²⁰⁰ Moreover, the available data on the Chinese industry show that it exports significant quantities of FHS to markets other than the United States and it is not dependent on the U.S. market.²⁰¹ Consequently, we find that the volume and market share of subject imports are not likely to increase substantially in the imminent future.

Aavid holds no inventories of subject FHS in the U.S. market.²⁰² In addition, there is no potential for imminent product-shifting at Aavid's plant in China, because FHS production requires specialized, dedicated equipment.²⁰³

We find, moreover, that subject imports are not entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices. As noted above, there is no evidence in the record that subject imports have had adverse price effects during the period examined. Nothing on the record indicates that either conditions of competition in the U.S. market or importers' pricing practices will change to such an extent from those during the period examined that the likely volume of subject imports would have a significant adverse effect on domestic producers' prices in the imminent future.

Given our conclusion that the market share of subject imports will not imminently increase substantially above that during the period examined and that such imports will not likely have significant adverse price effects, we find that subject imports will not likely have a significant adverse impact on the performance of the domestic industry. Therefore, we find that material injury by reason of subject imports will not occur absent issuance of an antidumping duty order or countervailing duty order against subject imports. Accordingly, we determine that the domestic industry producing finished heat sinks is not threatened with material injury by reason of imports of finished heat sinks from China.

CONCLUSION

For the foregoing reasons, we determine that the domestic industry producing certain aluminum extrusions other than finished heat sinks is materially injured by reason of subject imports of certain aluminum extrusions other than finished heat sinks from China found to be sold in the United States at less than fair value and subsidized by the Government of China. We further determine that the domestic industry producing finished heat sinks is not materially injured or threatened with material injury by reason of imports of finished heat sinks from China.

¹⁹⁸ FHS production at Aavid's facility in China was *** short tons in 2008, *** short tons in 2009, and *** short tons in 2010. It is projected to be *** short tons in 2011 and 2012. CR/PR at VII-2 n.3 and Table E-3.

¹⁹⁹ The capacity utilization rate at Aavid's plant in China was *** percent in 2008 and *** percent in 2010. Aavid Prehearing Brief at 28.

²⁰⁰ Based on the available data, the Chinese industry produced *** short tons of FHS, while running at *** percent capacity utilization in 2010. CR/PR at Table E-3 and Aavid Prehearing Brief at 28. These data show that the industry's excess capacity was *** short tons in 2010. By comparison, domestic production was *** short tons in 2010. CR/PR at Table E-1.

²⁰¹ Aavid Prehearing Brief at 27.

²⁰² Aavid Prehearing Brief at 27.

²⁰³ Id.

DISSENTING VIEWS OF VICE CHAIRMAN IRVING A. WILLIAMSON AND COMMISSIONER CHARLOTTE R. LANE

We define a single domestic like product consisting of all aluminum extrusions within the scope, and find present material injury with respect to the domestic industry producing that product. Thus we dissent from the majority's definition of two domestic like products and its negative determination with respect to certain finished heat sinks.

We join the Views of the Commission in all respects except as the Views pertain to "finished heat sinks." We write these views to explain our decision to define one domestic like product, including our decision not to create a separate like product of certain finished heat sinks.

Summary

In the preliminary phase of these investigations, the Commission defined a single like product consisting of all aluminum extrusions coextensive with the scope of the investigation defined by Commerce. We find no reason to depart from this definition. We do not find a clear dividing line in the continuum of non-fabricated and fabricated soft alloy aluminum extrusions. The extrusions are produced in a wide variety of shapes and forms, including both standard and custom shapes. The myriad of standard and custom shapes are made in the same manner using the same raw materials, are distributed in the same manner, and are not generally perceived as distinct products by customers. Further, although aluminum extrusions may not be interchangeable, a lack of interchangeability is common when dealing with a continuum of products.

With respect to manufacturing facilities, production processes, and employees, manufacturing to close tolerances is not unique to any specific type of aluminum extrusion. Heat sinks, KDs, J-G extrusions, and many other types of extrusions are produced to tight tolerances, including framing for solar mirror assemblies and locking systems for cockpit doors. Finally, we find that prices for aluminum extrusions cover a broad range of value-added percentages by producer, and that much of the value added is in the form of services rendered, rather than direct production activity.

Thus, the product in these investigations is one where models of several different alloys and finishes, with many different shapes and sizes, and many different applications, constitute a continuum without any clear dividing line. Given these circumstances, we find one like product consisting of all varieties of heat sinks, and other aluminum extrusions, as more fully explained below.

Heat sinks made from aluminum extrusions

Heat sinks are devices used to cool other equipment. When coupled to the equipment, the heat of the equipment passes into the heat sink and is then dissipated into the air. Heat sinks have applications in many industries, including electronics, lighting, transportation, and power generation. One estimate of the total size of the U.S. extruded heat sink market in 2010 was in the hundreds of millions of dollars.²⁰⁴

Heat sinks come in hundreds of different sizes and shapes; they typically include a set of spaced projecting fins or posts that air can flow between in order to dissipate heat. They are made by (1) forcing heated aluminum through a die to create a heat sink "blank" that has the profile and physical composition of the finished heat sink; and (2) processing the blank into a finished heat sink through such steps as machining, cutting, hole-punching and polishing. Heat sinks may be designed and tested for thermal performance, including using sophisticated computer modeling software, wind tunnels, and other apparatus.

²⁰⁴ Petitioners' Post-hearing Brief at Exhibit 1 at 20.

In these final phase investigations, Aavid, a producer of heat sinks with operations in the United States and China, requested that the Commission obtain separate data concerning certain finished heat sinks. The Commission adopted Aavid's request, and gathered data on domestic performance indicators, imports, and foreign industry data specific to heat sinks that have been "fully test[ed] and assured to comply with the required end-use specifications."²⁰⁵ These data are set out in Appendix E of the final Staff Report. The questionnaires and staff report refer to heat sinks for which we have collected separate data as "finished" heat sinks. However, for clarity we use the term "fully tested and assured" (FTA) heat sinks because these are not the only heat sinks that are "finished" in the sense of being ready for customer use. In fact, FTA heat sinks are a subset of all finished heat sinks.

FTA heat sinks

Aavid indicates that it works closely with its customers to design a "complete thermal solution", and that it employs sophisticated equipment such as "wind tunnels, testing units, flow meters, and sophisticated computational fluid dynamic software" to design and produce an FTA heat sink.²⁰⁶ Its evaluation generates a profile of a heat sink's thermal dissipation performance, typically in the form of a graph or table.²⁰⁷ Aavid typically does not test each finished unit that it considers to be an FTA heat sink.²⁰⁸ Although it is not entirely clear, Aavid may be able to assure customers of the thermal characteristics of the units that are not individually tested based on design-stage computer modeling, prototype testing, sample testing, or some other method.

Several domestic heat sink producers did not report their products as FTA heat sinks. Witnesses for several producers testified that their customers did not ask them for testing, but instead simply provided them with specifications for the heat sink, which they proceeded to manufacture. Because these heat sink producers did not themselves perform testing, they did not report their heat sinks as constituting FTA heat sinks; instead they reported these products only as part of the larger category of all aluminum extrusions.²⁰⁹

Even where the heat sink producer does not perform testing, however, the customer presumably has already made a determination that a product of those particular dimensions and composition would offer the heat dissipation it required.²¹⁰ Indeed, it seems inconceivable that a purchaser would request the production of a heat sink without the benefit of *some* assessment ("testing") of how that product will function. Exactly what such an assessment entails is not clear on the current record. Thus, FTA and non-FTA heat sinks may differ not in whether they have been tested, but rather in the type of testing and/or which entity (producer versus purchaser or other) performs it.

²⁰⁵ Instruction Booklet: General Information, Instructions, and Definitions for Commission Questionnaires at 6-7.

²⁰⁶ Tr at 171 (Soucy).

²⁰⁷ Tr at 168-9 (Soucy).

²⁰⁸ Tr. at 219 (Soucy).

²⁰⁹ Tr at 45 (Johnson); Petitioners' Posthearing Brief, App. A at 15-16.

²¹⁰ Pricing Product 7 shows that an FTA heat sink can be described solely in terms of its physical dimensions and composition, without reference to testing or assurance. Thus, a heat sink producer that is asked to make Product 7 would be making an FTA heat sink without necessarily being aware of the underlying testing. *See* Tr at 239 (Mintzer)(Product 7 is a tested heat sink).

FTA heat sinks versus other heat sinks

Assuming, *arguendo*, that the definition of FTA heat sinks distinguishes between products that have undergone the type of testing Aavid references (*i.e.*, sufficient to produce a graph or table of thermal properties), and those that have not, we do not believe this distinction outweighs the similarities between all extruded aluminum heat sinks, based on the six-factor test the Commission typically examines.

Physical characteristics and uses. All extruded heat sinks are aluminum pieces that have been extruded and finished to particular dimensions. Testing provides information about the heat dissipating qualities of the heat sink, but does not itself impart any of those qualities. Thus there is no inherent difference between an FTA heat sink and other heat sinks.

All heat sinks have the same basic use – to channel heat away from electronic equipment. The information that testing and assurance provides may enable the manufacturer to make sales to particularly demanding customers, and may even be required by a segment of the market such as certain electronics companies, but does nothing to alter the product’s use.

Interchangeability. Because there is no inherent difference between FTA-heat sinks and other heat sinks, they are in a sense fully interchangeable. Moreover, “[t]here are thousands of different types of heat sinks with as many applications,”²¹¹ such that any lack of full interchangeability between one type and another should not be dispositive of the like product question.

Channels of distribution. Aavid indicates that FTA heat sinks are sold to OEM end users and to specialized distributors who supply the electronics market.²¹² It also indicates that it “serves all markets” which include “transportation, military, aerospace, medical, PC server, et cetera.”²¹³ Domestic non-FTA heat sink producers also sell products to distributors and end-users, in end-use segments that include those mentioned by Aavid.²¹⁴ Thus there is overlap in channels of distribution.

Manufacturing process, equipment and employees. All extruded heat sinks are made the same way. A producer extrudes aluminum into a blank, which then undergoes various finishing operations such as machining, polishing, cutting or hole punching. The steps of blank production and finishing may be performed by the same producer or by different producers. This process is the same for all heat sinks. The equipment includes an extruder line, dies, and various pieces of finishing machinery. The employees that operate the equipment are skilled and trained technicians. The equipment and employees are the same for all heat sinks.

The only distinction between FTA and non-FTA heat sinks is the testing and assurance. According to Aavid, it uses “wind tunnels, testing units, flow meters, and sophisticated computational fluid dynamic software.”²¹⁵ It states that it has spent “hundreds upon hundreds of thousand of dollars” training its employees on how to analyze the data out of it and how to run the equipment.”²¹⁶ Aavid’s described process and equipment for testing are more than minor. What is not known, however, is how the expense of equipment and training for testing compares to the expense of equipment and training for the manufacture of the blank and finished extrusion.²¹⁷

²¹¹ Tr. at 44 (Johnson).

²¹² Tr at 167 (Soucy); *see also* Aavid Posthearing Brief at 7 n.33.

²¹³ Tr at 202, 259 (Soucy).

²¹⁴ Petitioners’ Posthearing Brief at Appendix A, pp. 15-16.

²¹⁵ Tr at 171 (Soucy).

²¹⁶ Tr at 203 (Soucy).

²¹⁷ Aavid indicates that the blanks it uses represent between 30 and 35 percent of the value of the finished heat sink. Tr at 206 (Soucy). However, it has not indicated what share of the value-added its testing represents.

Moreover, the testing and assurance concern only the stages of pre-fabrication design and post-fabrication verification. Testing and assurance are not steps in the actual physical formation of the heat sink.

Customer and producer perceptions. With respect to customer perceptions, Aavid indicates that its customers demand testing and assurance, and will not purchase non-FTA heat sinks.²¹⁸ This does not show, however, that its customers consider tested and non-tested heat sinks to be different products.

With respect to producer perceptions, the evidence from the two main domestic producers of FTA heat sinks is mixed: Aavid indicated that only FTA heat sinks are truly finished heat sinks, and domestic producer *** indicated that FTA heat sinks and other aluminum extrusions are generally the same.²¹⁹ Moreover, domestic producers of non-FTA heat sinks indicated that tested heat sinks are not a different product.²²⁰

Price. There is little record evidence on how the prices of FTA and non-FTA heat sinks compare, because while Aavid submitted evidence on the prices of its FTA heat sinks, we do not have data on prices of non-FTA heat sinks. One non-FTA heat sink producer reported shipments with an average unit value (AUV) comparable to that of Aavid.²²¹

Summary. The process of heat sink testing and assurance requires certain specialized equipment and worker training, and may enable the heat sinks to be sold to particular demanding customers, especially in the electronics market. In all other respects the products are the same. We do not find a clear dividing line between FTA heat sinks and other heat sinks that are covered by these investigations. As a result we see no basis for creating a separate like product for FTA heat sinks.

FTA heat sinks versus all other aluminum extrusions

Even a comparison of FTA heat sinks with the more diverse category of all other aluminum extrusions indicates that FTA heat sinks are not a separate like product. The scope of these investigations includes a wide variety of extrusions that are used in a multitude of industries. The scope represents a classic continuum of variations of a product that all share basic underlying similarities.

Physical characteristics and uses. FTA heat sinks are one of numerous types of finished extrusions within the scope, all of which consist of the same type of metal. FTA heat sinks may be finished to tight tolerances, but so are other types of finished extrusions.²²² The characteristic shape of FTA heat sinks does not distinguish them from other finished extrusions that also have unique shapes.

With respect to uses, FTA heat sinks have the unique purpose of dissipating heat from other equipment, but other extrusions have unique uses as well, from enclosing shower spaces to carrying electrical signals (coaxial cables) to locking airplane cockpit doors.²²³

Interchangeability. FTA heat sinks and other extrusions are not interchangeable, but this is not a particularly relevant factor when addressing a continuum of products, each designed for a specific use. In fact, literally dozens of separate like products could result from a narrow application of the like product criteria.

²¹⁸ Tr. at 170 (Soucy).

²¹⁹ CR/PR at Appendix E.

²²⁰ Tr. at 45 (Johnson); CR/PR at App. E (e.g., ***).

²²¹ Compare *** Domestic Producer Questionnaire at II-13 (annual AUV between 2008 and 2010 ranged from ***) with *** Domestic Producer Questionnaire at V-4b (annual AUV between 2008 and 2010 ranged from ***).

²²² Tr. at 147 (Brown); 148 (Johnson); Petitioners' Posthearing Brief at 5.

²²³ CR at I-11; PR at I-10; tr. at 141 (Johnson).

Production process, equipment, employees. The process and equipment for fabricating an FTA heat sink are the same as that for any other finished extrusion: the aluminum is extruded to a particular shape, then finished. Certain testing and assurance equipment are unique to FTA heat sinks. Although Aavid makes only FTA heat sinks, domestic producer *** makes other extrusions and indicated that the manufacturing process for FTA heat sinks and other extrusions was mostly the same.²²⁴

Customer and producer perceptions. Users of FTA heat sinks may well view them as a product separate from other extrusions, but this is likely true for many particular extrusions that have a specific and limited use. A significant majority of U.S. producers (and importers) rated FTA heat sinks and other extrusions as “Fully” or “Mostly” comparable with respect to all but one of the like product criteria.²²⁵ The one exception criterion was interchangeability, where most rated the two “Not at All” comparable; however, the same could be said for virtually any individual extrusion when compared to any other, and is therefore not a basis for drawing a like product distinction.

Price. Aluminum extrusions vary widely by product and finish. FTA heat sinks were the highest priced of the products for which the Commission obtained data, but the prices of several other products were not substantially lower.²²⁶ One domestic producer testified that other types of extrusions undergo fabrication processes that make them “at least as valuable as the most complex heat sink.”²²⁷

Summary. FTA heat sinks are one type of many finished aluminum extrusions covered by these investigations. They have a unique shape and use and are not interchangeable with other extrusions. However, the same can be said for many individual aluminum extrusions. FTA heat sinks share the same basic physical composition as other aluminum extrusions, are made the same way, and are viewed by most extrusion producers as comparable products. We find that the evidence supports a finding of one like product, including FTA heat sinks.

²²⁴ CR/PR at App. E.

²²⁵ CR/PR at App. E; Petitioners’ Posthearing Brief at Exhibit 6 (summary of responses).

²²⁶ Compare CR/PR at Table V-9 (from 2008 to 2010, FTA heat sink prices ranged from *** per pound), with Tables VI-6 and VI-7 (from 2008 to 2010, tub and shower enclosure extrusion prices ranged from *** per pound).

²²⁷ Tr at 102 (Crowdis).

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed on March 31, 2010, by the Aluminum Extrusions Fair Trade Committee (“Committee”)¹ and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (“USW”) (collectively “petitioners”) alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (“LTFV”) imports of certain soft-alloy aluminum extrusions (“aluminum extrusions”) from China and by reason of imports of subsidized aluminum extrusions from China. The following tabulation provides information relating to the background of these investigations:²

Effective date	Action
March 31, 2010	Petition filed with Commerce and the Commission; institution of Commission investigations (April 6, 2010).
April 27, 2010	Commerce’s notice of initiation of antidumping duty investigation.
April 28, 2010	Commerce’s notice of initiation of countervailing duty investigation.
May 17, 2010	Commission’s preliminary determination.
September 7, 2010	Commerce’s preliminary countervailing duty determination (75 FR 54302, September 7, 2010).
November 12, 2010	Commerce’s preliminary antidumping duty determination (75 FR 69403, November 12, 2010).
December 22, 2010	Commission’s scheduling of its final phase investigation (75 FR 80527).
March 29, 2011	Commission’s hearing. ¹
April 4, 2011	Commerce’s final countervailing duty determination (76 FR 18521) and antidumping duty determination (76 FR 18524).
April 28, 2011	Commission’s vote.
May 13, 2011	Commission’s determinations transmitted to Commerce.
¹ App. B contains a list of witnesses that appeared at the hearing.	

¹ The Committee is comprised of the following members: Aerolite Extrusion Company (“Aerolite Extrusion”); Alexandria Extrusion Company (“Alexandria Extrusion”); Benada Aluminum of Florida, Inc. (“Benada Aluminum”); William L. Bonnell Company, Inc. (“Bonnell”); Frontier Aluminum Corporation (“Frontier Aluminum”); Futura Industries Corporation (“Futura Industries”); Hydro Aluminum North America, Inc. (Hydro Aluminum”); Kaiser Aluminum Corporation (“Kaiser”); Profile Extrusion Company (“Profile Extrusion”); Sapa Extrusions, Inc. (“Sapa”); and Western Extrusions Corporation (“Western Extrusions”), which account for a significant majority of U.S. production of soft alloy aluminum extrusions. Hearing transcript, p. 10 (Jones).

² *Federal Register* notices cited in this tabulation are presented in appendix A of this report.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

Section 771(7)(B) of the Tariff Act of 1930 (the “Act”) (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--
shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.

. . .

In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.

. . .

In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to . . . (I) actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

Organization of Report

Information on the subject merchandise, margins of dumping and subsidies, and domestic like product is presented in *Part I*. Information on conditions of competition and other relevant economic factors is presented in *Part II*. *Part III* presents information on the condition of the U.S. industry,

including data on capacity, production, shipments, inventories, and employment. The volume and pricing of imports of the subject merchandise are presented in *Part IV* and *Part V*, respectively. *Part VI* presents information on the financial experience of U.S. producers. The statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury are presented in *Part VII*.

MARKET SUMMARY

Aluminum extrusions are used as inputs into the manufacture and construction of a wide variety of other products within the following broad downstream industries: building and construction; automotive and transportation; engineering products; and electric and alternative energy. Trade in the U.S. market for aluminum extrusions totaled \$4.6 billion in 2010, of which 77.2 percent was sales of U.S.-produced extrusions. Imports from subject sources accounted for 11.7 percent of the U.S. market by value in 2010, while imports from nonsubject sources accounted for 11.1 percent of the U.S. market by value. The Commission received questionnaire responses from 54 U.S. producers,³ 46 U.S. importers, 55 purchasers, and eight Chinese producers or exporters of aluminum extrusions.

SUMMARY DATA

Table C-1 in appendix C presents a summary of data collected in these investigations. U.S. industry data are based on questionnaire responses from U.S. producers (see Part III of this report).⁴ U.S. import data are based on U.S. Census data and on questionnaire responses from U.S. importers (see Part IV of this report). Information on the industries that produce aluminum extrusions in China is based on eight questionnaire responses from foreign producers and exporters and publicly available data (see Part VII of this report). Data from other sources are referenced and footnoted where appropriate.

PREVIOUS INVESTIGATIONS

There have been no known prior import injury investigations in the United States on the merchandise subject to these investigations.

³ Of these 54 U.S. producers, *** provided useable trade data and 46 reported useable financial results data.

⁴ Table C-1 includes U.S. production data from a small number of firms that do not extrude aluminum, including *** primarily shower door manufacturers and *** primarily involved in the production of finished heat sinks. While these firms further process purchased or imported aluminum extrusions, they do not produce the aluminum extrusions used in their operations. These firms account for less than *** percent of total U.S. production by quantity in 2010.

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On April 4, 2011, Commerce published a notice in the Federal Register of its final determination of countervailable subsidies for producers and exporters of aluminum extrusions from China.⁵ Commerce identified the following government programs in China:

- A. Exemption From City Construction Tax and Education Tax for FIEs
- B. GOC and Sub-Central Government Grants, Loans, and Other Incentives
- C. Two Free, Three Half Income Tax Exemptions for FIEs
- D. Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries
- E. International Market Exploration Fund (SME Fund)
- F. Preferential Tax Program for FIEs Recognized as High or New Technology Enterprises
- G. Policy Loans to Chinese Aluminum Extrusion Producers
- H. Fund for SME Bank-Enterprise Cooperation Projects
- I. Special Fund for Significant Science and Technology in Guangdong Province
- J. Fund for Economic, Scientific, and Technology Development
- K. Provincial Fund for Fiscal and Technological Innovation
- L. Provincial Loan Discount Special Fund for SMEs
- M. Export Rebate for Mechanic, Electronic, and High-Tech Products
- N. PGOG Special Fund for Energy Saving Technology Reform
- O. PGOG Science and Technology Bureau Project Fund (Also Referred to as Guangdong Industry, Research, University Cooperating Fund)
- P. PGOG Tax Offset for Research and Development (R&D)
- Q. Refund of Land-Use Tax for Firms Located in the Zhaoqing New and High-Tech Industrial Development Zone (ZHTDZ)
- R. Development Assistance Grants from the ZHTDZ Local Authority
- S. Provision of Primary Aluminum for LTAR
- T. Provision of Land-Use Rights and Fee Exemptions To Enterprises Located in the ZHITDZ for LTAR
- U. Provision of Land-Use Rights to Enterprises Located in the South Sanshui Science and Technology Industrial Park for LTAR

⁵ *Aluminum Extrusions from the People's Republic of China: Final Affirmative Countervailing Duty Determination*. 76 FR 18521, April 4, 2011.

Table I-2 presents Commerce's findings of subsidization of aluminum extrusions.

Table I-2
Aluminum Extrusions: Commerce's final subsidy determination with respect to imports from China

Entity	Final countervailable subsidy margin (percent)
Guang Ya Aluminum Industries Co., Ltd. (Guang Ya), Foshan Guangcheng Aluminum Co., Ltd. (Guangcheng), Guang Ya Aluminum Industries Hong Kong (Guang Ya HK), Kong Ah International Company Limited (Kong Ah), and Yongji Guanghai Aluminum Industry Co., Ltd. (Guanghai) (collectively the Guang Ya Companies).	9.94
Zhaoqing New Zhongya Aluminum Co., Ltd. (New Zhongya), Zhongya Shaped Aluminum HK Holding Ltd. (Zhongya HK), and Karlton Aluminum Company Ltd. (Karlton) (collectively the Zhongya Companies).	8.02
Dragonluxe Limited (Dragonluxe)	374.15
Miland Luck Limited	374.15
Liaoning Zhongwang Profile Co. Ltd./Liaoning Zhongwang Group (collectively, the Zhongwang Group)	374.15
All others	374.15
Source: <i>Aluminum Extrusions from the People's Republic of China: Final Affirmative Countervailing Duty Determination</i> . 76 FR 18521, April 4, 2011.	

See Part VII of this report for a discussion of the subsidies found by the governments of Canada and Australia in their respective countervailing duty investigations on the subject merchandise.

Sales at LTFV

On April 4, 2011, Commerce published a notice in the Federal Register of its final determination of sales at LTFV with respect to imports from China.⁶ The weighted-average dumping margins for Chinese firms selling aluminum extrusions in the U.S. market ranged from 32.79 percent to 33.28 percent. See Part VII of this report for a discussion of the dumping found by the governments of Canada and Australia in their respective antidumping investigations on the subject merchandise.

THE SUBJECT MERCHANDISE

Commerce's Scope⁷

The merchandise covered by this investigation is aluminum extrusions which are shapes and forms, produced by an extrusion process, made from aluminum alloys having metallic elements corresponding to the alloy series designations published by The Aluminum Association commencing with the numbers 1, 3, and 6 (or proprietary equivalents or other certifying body equivalents). Specifically, the subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 1 contains not less than 99 percent aluminum by weight.

⁶ *Aluminum Extrusions from the People's Republic of China: Notice of Final Determination of Sales at Less Than Fair Value*. 76 FR 18524, April 4, 2011.

⁷ *Ibid.*

The subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 3 contains manganese as the major alloying element, with manganese accounting for not more than 3.0 percent of total materials by weight. The subject merchandise is made from an aluminum alloy with an Aluminum Association series designation commencing with the number 6 contains magnesium and silicon as the major alloying elements, with magnesium accounting for at least 0.1 percent but not more than 2.0 percent of total materials by weight, and silicon accounting for at least 0.1 percent but not more than 3.0 percent of total materials by weight. The subject aluminum extrusions are properly identified by a four-digit alloy series without either a decimal point or leading letter. Illustrative examples from among the approximately 160 registered alloys that may characterize the subject merchandise are as follows: 1350, 3003, and 6060.

Aluminum extrusions are produced and imported in a wide variety of shapes and forms, including, but not limited to, hollow profiles, other solid profiles, pipes, tubes, bars, and rods. Aluminum extrusions that are drawn subsequent to extrusion (“drawn aluminum”) are also included in the scope.

Aluminum extrusions are produced and imported with a variety of finishes (both coatings and surface treatments), and types of fabrication. The types of coatings and treatments applied to subject aluminum extrusions include, but are not limited to, extrusions that are mill finished (i.e., without any coating or further finishing), brushed, buffed, polished, anodized (including bright-dip anodized), liquid painted, or powder coated. Aluminum extrusions may also be fabricated, i.e., prepared for assembly. Such operations would include, but are not limited to, extrusions that are cut-to-length, machined, drilled, punched, notched, bent, stretched, knurled, swedged, mitered, chamfered, threaded, and spun. The subject merchandise includes aluminum extrusions that are finished (coated, painted, etc.), fabricated, or any combination thereof.

Subject aluminum extrusions may be described at the time of importation as parts for final finished products that are assembled after importation, including, but not limited to, window frames, door frames, solar panels, curtain walls, or furniture. Such parts that otherwise meet the definition of aluminum extrusions are included in the scope. The scope includes the aluminum extrusion components that are attached (e.g., by welding or fasteners) to form subassemblies, i.e., partially assembled merchandise unless imported as part of the finished goods ‘kit’ defined further below. The scope does not include the non-aluminum extrusion components of subassemblies or subject kits.

Subject extrusions may be identified with reference to their end use, such as fence posts, electrical conduits, heat sinks, door thresholds, or carpet trim. Such goods are subject merchandise if they otherwise meet the scope definition, regardless of whether they are ready for use at the time of importation.

The following aluminum extrusion products are excluded: Aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 2 and containing in excess of 1.5 percent copper by weight; aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 5 and containing in excess of 1.0 percent magnesium by weight; and aluminum extrusions made from aluminum alloy with an Aluminum

Association series designation commencing with the number 7 and containing in excess of 2.0 percent zinc by weight.

The scope also excludes finished merchandise containing aluminum extrusions as parts that are fully and permanently assembled and completed at the time of entry, such as finished windows with glass, doors with glass or vinyl, picture frames with glass pane and backing material, and solar panels. The scope also excludes finished goods containing aluminum extrusions that are entered unassembled in a ‘finished goods kit.’ A finished goods kit is understood to mean a packaged combination of parts that contains, at the time of importation, all of the necessary parts to fully assemble a final finished good and requires no further finishing or fabrication, such as cutting or punching, and is assembled ‘as is’ into a finished product. An imported product will not be considered a ‘finished goods kit’ and therefore excluded from the scope of the investigation merely by including fasteners such as screws, bolts, etc. in the packaging with an aluminum extrusion product.

The scope also excludes aluminum alloy sheet or plates produced by other than the extrusion process, such as aluminum products produced by a method of casting. Cast aluminum products are properly identified by four digits with a decimal point between the third and fourth digit. A letter may also precede the four digits. The following Aluminum Association designations are representative of aluminum alloys for casting: 208.0, 295.0, 308.0, 355.0, C355.0, 356.0, A356.0, A357.0, 360.0, 366.0, 380.0, A380.0, 413.0, 443.0, 514.0, 518.1, and 712.0. The scope also excludes pure, unwrought aluminum in any form.

The scope also excludes collapsible tubular containers composed of metallic elements corresponding to alloy code 1080A as designated by the Aluminum Association where the tubular container (excluding the nozzle) meets each of the following dimensional characteristics: (1) Length of 37 mm or 62 mm, (2) outer diameter of 11.0 mm or 12.7 mm, and (3) wall thickness not exceeding 0.13 mm.

Imports of the subject merchandise are provided for under the following categories of the Harmonized Tariff Schedule of the United States (“HTS”): 7604.21.0000, 7604.29.1000, 7604.29.3010, 7604.29.3050, 7604.29.5030, 7604.29.5060, 7608.20.0030, and 7608.20.0090. The subject merchandise entered as parts of other aluminum products may be classifiable under the following additional Chapter 76 subheadings: 7610.10, 7610.90, 7615.19, 7615.20, and 7616.99 as well as under other HTS chapters. In addition, fin evaporator coils may be classifiable under HTS numbers: 8418.99.80.50 and 8418.99.80.60. While HTS subheadings are provided for convenience and customs purposes, the written description of the scope in this proceeding is dispositive.

Tariff Treatment

The imported aluminum extrusions subject to these investigations are classified in the 2011 Harmonized Tariff Schedule of the United States (“HTS”) in subheadings 7604.21, 7604.29, and 7608.20.⁸ Appendix D presents information on the applicable tariff rates for the primary HTS numbers for aluminum extrusions.

THE PRODUCT

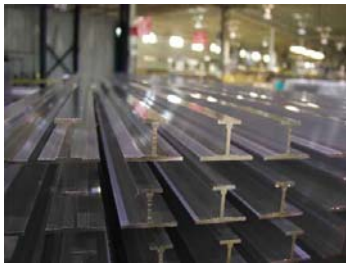
Physical Characteristics and Uses

The subject aluminum extrusions are shapes and forms, produced via an extrusion process, of aluminum alloys having metallic elements falling within the alloy series designations published by the Aluminum Association commencing with the numbers 1, 3, and 6 (or proprietary equivalents or other certifying body equivalents). Aluminum extrusions are produced and imported in a wide variety of shapes and forms, including, but not limited to hollow profiles, other solid profiles, pipes, tubes, bars, and rods. Aluminum extrusions that are subsequently drawn are also included in the scope. The scope excludes final finished goods containing aluminum extrusions that are imported in finished form, that is, fully and permanently assembled, such as finished window frames, door frames, picture frames, and solar panels. The scope also excludes unassembled final finished goods containing aluminum extrusions. Additionally, the scope excludes aluminum alloy sheet or plates produced by other than the extrusion process; aluminum products produced by the casting method; pure, unwrought aluminum in any form; and aluminum extrusions falling within alloy series designations of the Aluminum Association commencing with the numbers 2, 5, and 7.⁹ Figure I-1 presents images of some of the aluminum extrusions subject to these investigations.

⁸ In response to Commission questionnaires in the preliminary phase of these investigations, U.S. importers indicated that over 90 percent of their imports of subject merchandise fell under these “primary HTS” subheadings (*i.e.*, 7604.21, 7604.29, and 7608.20), while approximately 6 percent of their imports of subject merchandise fell under the “secondary HTS” subheadings that were listed in Commerce’s scope (*i.e.*, 7610.10, 7610.90, 7615.19, 7615.20, and 7616.99), and the remaining 4 percent of imports came in under “other HTS” subheadings not explicitly identified in Commerce’s scope. Further, according to U.S. importers, the secondary and other HTS numbers represent basket categories that include large amounts of nonsubject merchandise, but nonetheless do contain some amount of imports of products that match Commerce’s scope. Because most U.S. importers indicated that only subject merchandise is imported under the primary HTS numbers, it appears that official Commerce import statistics for the primary HTS numbers largely represent the merchandise subject to these investigations. Petitioners do not disagree with staff’s methodology for reporting imports of subject merchandise. Hearing transcript, p. 59 (Woodings).

⁹ Also known as “hard alloys,” these extrusions possess high strength over a wide range of temperatures and are used in aerospace, aircraft, and competitive sporting equipment applications.

Figure I-1
Aluminum extrusions: Images



Source: Various sites on the internet, through a Google image search for “aluminum extrusions.”

Extrusion is among the most widely used of the aluminum forming processes. Aluminum is one of the easiest materials to process through extrusion due to the relatively low temperatures (600-700 degrees Celsius) at which aluminum can be extruded. Aluminum extrusions are produced from aluminum alloy billets which are heated and forced under pressure applied by a hydraulic extrusion press through a metal die. The pressure capacity of the extrusion press determines the size of the extrusion it can produce and the die is created to match precisely the profile of the shape to be produced. Common extrusion shapes include bar, rod, pipe, and tube as well as hollow profiles and solid profiles such as angles, tees, I-beams, H-beams, channels, tracks, rails, mullions, stiles, gutters, and other shapes.

After the extrusion process, the aluminum extrusion can be sold as “mill finished,” without any further surface treatment or it can be further fabricated, that is, cut-to-length, machined, drilled, punched, notched, bent, stretched, and assembled into a finished product by welding or fastening. Surface finishes for extrusions include mechanical finishes such as brushing, buffing, polishing, sanding, anodizing,¹⁰ and other chemical and paint finishes.

¹⁰ Anodizing is an electrochemical process that enhances aluminum’s natural oxide surface layer by forming an even more durable oxide film that can accept a variety of largely translucent colors. “Bright dipping” is a specialized anodizing process that yields a bright, mirror-like finish.

Aluminum extrusions are used in a wide variety of finished good applications. Major end-use applications for aluminum extrusions as defined by the Aluminum Extruders Council¹¹ include:

- **Building and Construction**--Windows, doors, railings, high-rise curtainwall, highway and bridge construction, framing members, other various structures;
- **Transportation**--Automotive (cars, buses, trucks, trailer/van/container vehicles), heavy rail, light rail and other mass transit vehicles, recreational vehicles, aircraft, aerospace, marine; and
- **Engineered Products**--Consumer and commercial products - air conditioners, appliances, furniture, lighting, sports equipment, personal watercraft; electrical power units, heat sinks, coaxial cables, bus bars; machinery and equipment, food displays, refrigeration, medical equipment, display structures, laboratory equipment and apparatus.

While there are a variety of soft alloy extrusions with differences in physical characteristics (*e.g.*, differing metal strength based on length of baking process used, differing appearance based on the customer's preferred finish, different extrusion shapes as required by the specific purchaser, or specific fabrication provided for end users) and distinct end uses based on sector and specific end user requirements (*e.g.*, product used for automotive applications may be more "engineered" than commodity type extrusions used as building and construction materials), all subject extrusions share general physical characteristics and tolerances along a continuum and are all used as inputs (*i.e.*, an intermediate product) in the production of downstream products.¹² Petitioners argue that within the universe of aluminum extrusions, there are no clear dividing lines among types of extrusions and that the Commission should consider all soft-alloy aluminum extrusions as the domestic like product (co-extensive with the scope) within which there is a continuum of physical characteristics and end uses.¹³

In its request for comments on like product issues and draft questionnaires in the final phase of these investigations, the Commission received a submission from Mayer Brown LLP on behalf of Aavid Themalloy, LLC ("Aavid"), a leading global supplier of heat sinks, suggesting that heat sinks may be considered a separate like product. In its comments, counsel on behalf of Aavid indicated that "while it is premature to brief the applicability of the Commission's six factor domestic like product test...substantial evidence indicates that heat sinks are a separate domestic like product."¹⁴

A heat sink is a finished good made of extruded aluminum that cools a solid material, principally electronics and computer equipment (servers, laptops, etc.), by transferring the heat generated in such devices to a fluid medium, such as air or a liquid. Manufacturers of electronics and computer equipment have precise mechanical and thermal resistance requirements that must be met by heat sink suppliers to ensure that their electronic products do not overheat. The heat sink length is cut from an aluminum extrusion blank that is designed to the shape and thermally engineered to the specifications required of the heat sink application. Normal blank lengths can be many yards long. The cut length to make the finished heat sink varies widely between 1 inch to 3 feet.

¹¹ <http://www.aec.org/>

¹² Petitioners' prehearing brief, p. 3.

¹³ *Ibid.*

¹⁴ Aavid was not identified in the petition and therefore, did not receive questionnaires from the Commission in the preliminary phase investigations. In its comments, counsel on behalf of Aavid distinguishes between heat sink blanks, which it defines as extruded aluminum products that have not undergone "cutting, precision machining, engineering, and testing required to be sold to end users" and finished heat sinks. *Comments on Like Product Issues and Draft Questionnaires*, Mayer Brown, p. 5. In its prehearing briefs, testimony at the hearing, and posthearing briefs, Aavid argued that finished heat sinks are a separate like product.

Manufacturing Facilities and Manufacturing Process

Aluminum extrusions are principally produced from aluminum billet. The billet is softened by being heated to the necessary temperature before extrusion. Under the direct extrusion process, the heated billet is then placed into a hydraulic extrusion press where a ram pushes a dummy block to force the softened metal through a precision opening, or die, to produce the desired shape. As pressure is applied against the die, the billet becomes shorter and wider until its expansion is restricted by full contact with the container walls. As the pressure increases, the softened metal begins to squeeze out through the shaped orifice of the die and emerges as a fully formed profile. Under indirect extrusion, the die is contained within the hollow ram, which moves into the stationary billet forcing the metal to flow into the ram, acquiring the shape of the die as it proceeds. In either process, the aluminum exiting the die acquires the same cross-sectional shape as the die. After emerging from the die, the extrusion is cooled, either naturally or through air or water quenching. The following steps are usually performed after cooling:

- **Stretching**--After the extruded part has been cooled, a stretcher and/or straightener may be used to straighten the extrusion and correct any twisting that may have occurred during and after the extrusion process
- **Cutting**--The profile is typically cut in order to reduce it to the specified commercial length.
- **Aging**--Certain extrusion alloys reach optimal strength through the process of aging, or, age-hardening. The aging process ensures the uniform precipitation of fine particles through the metal, producing an alloy with maximum strength, hardness, and elasticity. Natural aging occurs at room temperature and artificial aging occurs through controlled heating in an aging oven. Non-heat-treatable aluminum alloys, including 3000 series alloys utilizing manganese, are subject to natural aging. Artificial aging, also known as precipitation heat-treating, occurs through controlled heating in an aging oven.

In the case of aluminum drawn tubing, also included within the scope of these investigations, an extruded hollow shape, after cooling, is subsequently drawn over a mandrel to create a hollow profile and this hollow profile may then be subject to natural aging or artificial age-hardening to improve strength characteristics. After aging, the extruded profiles are typically subject to finishing or fabricating processes. After an extrusion is aged, this is considered mill-finished product. Mill-finished products can be sold as is or further finished (*i.e.*, painted or anodized) or further fabricated (*i.e.*, drilled, cut-to-length, crimped, welded, etc.). The subject aluminum extrusions may undergo the following finishing and fabricating processes:

- **Mechanical finishes**-- These processes include buffing and burnishing to achieve a smooth finish and blasting or scoring to achieve a rough finish. Mechanical finishes are accomplished using specific types of equipment. Other mechanical finishes include sanding, polishing, and tumbling.
- **Anodizing**--This process involves the use of electrolysis to encourage oxygen ions to combine with aluminum to form a hard aluminum oxide film or seal, thus enhancing the durability and beauty of the profile. Pretreatment steps to the anodizing process may include alkaline cleaning to remove organic contaminants and acid cleaning to remove inorganic contaminants. The extrusion profile is immersed in a tank containing an acid-based electrolyte solution. Electric current is passed through the solution while the temperature is carefully controlled. The electric current causes oxygen ions to be released from the electrolyte solution and to be drawn to the surface of the aluminum profile, which serves as an anode.

- **Bright Dipping**.--This is a type of anodizing process. The aluminum extrusion is first polished to remove fine scratches and then submerged typically in a phosphoric acid and nitric acid bath and heated to an elevated temperature. It is then anodized to protect the surface finish and to apply color to the profile.
- **Brushed Nickel**.--This describes the finishing process that provides a unique aesthetic appearance to an extrusion (such as extrusions used in shower doors). The extruded profile or aluminum extrusion is run through a mechanical brushing machine which etches specific brush patterns into the face of the extruded surface. The brush pattern and depth of etching are normally determined by customer specification, and are achieved using various designed brush pads applied to the metal under controlled process pressure and speeds. The metal is then cleaned and anodized with a “nickel” color to match the customer’s color specification.
- **Etching**.--Under chemical etching the aluminum profile is passed through a caustic solution bath, rinsed, and then immersed in another bath to dissolve unwanted alloy surface impurities.
- **Painting**.--Both specialty liquid paints and powder coatings may be applied to the aluminum profile. Thermoplastic or thermoset polymer powder coatings are applied using an electrostatic gun to impart a positive electric charge to the powder. The powder is accelerated toward and adheres to the negatively charged aluminum profile. After the powder is applied, the profile is baked in an oven where the powder particles are melted to a liquid state which then fuses with the profile to form a homogeneous surface finish. The surface is then cooled to form a hard coating.
- **Fabrication**.--Fabrication processes generally include machine tooling operations such as cutting to precision lengths, machining, drilling, hole-punching, notching, bending, and stretching to prepare the profile for its final use.

In the production of a heat sink from an aluminum extrusion, the cut part is held in and fabricated by a computer controlled (NC) milling machine to add mounting holes, clearance pockets, threaded holes and attachment points for heat generating devices. Other types of machine tools such as a lathe are also used depending on the part shape. This fabricated, machined part is typically cleaned, deburred (sharp edges removed) and can have one of a variety of finishes applied. Finishes vary from anodize to chromate to paint or powder coat and are applied to the surface of the part to protect the finish and prevent oxidation or corrosion. Value to the heat sink can be added in the form of thermally conductive interface pads, DC cooling fans, attachment brackets or semiconductor devices before final assembly into the computer or electronic device.

DOMESTIC LIKE PRODUCT ISSUES

In the preliminary phase of these investigations, the Commission found that all aluminum extrusions within the scope constitute a single domestic like product.¹⁵ In the final phase of these investigations, Petitioners argue that the domestic like product should again be co-extensive with the scope of the investigations.¹⁶

In its comments to the Commission's draft questionnaires and in its prehearing brief, counsel for Aavid, a leading global supplier of finished heat sinks, argued that finished heat sinks are a separate like product.^{17 18} In light of these comments, the Commission requested that U.S. producers report their production of finished heat sinks separately and that U.S. importers report their imports of finished heat sinks separately as well. Additionally, the Commission requested comments regarding the comparability of finished heat sinks to other aluminum extrusions. These data and comments regarding heat sinks are presented in Appendix E.¹⁹

In its prehearing brief, counsel for the Shower Door Manufacturer's Alliance ("SDMA") argue that shower door and shower enclosure knock down units ("KDs") and specifically-engineered aluminum extrusions with "jewelry-grade" surface finishes used in shower door or enclosure applications ("shower door extrusions"), are each a category of domestic like product separate and distinct from other aluminum extrusions.^{20 21}

The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities, production processes, and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price.

¹⁵ *Certain Aluminum Extrusions from China*, Inv. Nos. 701-TA-475 and 731-TA-1177 (Preliminary), USITC Publication 4153, June 2010, p. 7. No other party asserted a contrary position; however, Chinese Respondents did express dissatisfaction with what they characterized as the overbreadth of the domestic like product that Petitioners proposed, but did not offer any specific alternative. Chinese Respondents Postconference brief, pp. 3-4.

¹⁶ Petitioners' prehearing brief, p. 3.

¹⁷ Aavid's Comments on Like Product Issues and Draft Questionnaires, p. 5. Aavid's prehearing brief, p. 7.

¹⁸ Aavid distinguishes between heat sink blanks, which it maintains are a "good example of a typical extruded aluminum product" and a finished heat sink, which consists of a heat sink blank that has subsequently undergone the cutting, precision machining, finishing and testing required to be sold to end users. Aavid's prehearing brief, p. 8. Hearing transcript, pp. 264-265 (Soucy).

¹⁹ Tables E-1 and E-2 include trade and financial data from firms that reported complete data concerning their production and/or imports of finished heat sinks in table V-4 of the U.S. Producers' Questionnaire. Specifically, table E-1 includes U.S. production and related financial results of finished heat sinks reported by ***. At the hearing, Futura noted that although it manufactures heat sinks, it did not provide data on finished heat sinks because Futura does not perform thermal testing, as specified in the Commission's questionnaire. Hearing transcript, pp. 44-45 (Johnson). ***. Table E-2 includes trade data concerning U.S. imports of finished heat sinks reported by ***. Staff received questionnaire responses from U.S. importers *** indicated these firms imported finished heat sinks; however trade data were either incomplete or contained discrepancies and thus were not included in table E-2. Table E-3 includes data from Chinese firms ***.

²⁰ SDMA's prehearing brief, p. 1. A KD includes all of the parts necessary to assemble a shower and bath enclosure except that it does not contain glass panels. KD units include finished and fabricated frames made from aluminum extrusions, door handles or knobs, towel rails, rollers, guides, hinges, brackets, latches, mounts, hangers, anchors, screws, and vinyl seals, among other components. SDMA's prehearing brief, p. 3. Petitioners note that the SDMA did not request data collection on the like product criteria during the draft questionnaire stage of these investigations and first proposed its like product arguments in its prehearing brief, Petitioners' posthearing brief, 9.

²¹ Counsel for Floturn, Inc. ("Floturn"), a producer of organic photoreceptor/photoconductor substrates ("OPC tubes"), appeared at the hearing as a nonparty and argued that OPC tubes have unique physical characteristics, interchangeability, channels of distribution, customer and consumer perceptions, manufacturing facilities, and price, which distinguish them from aluminum extrusions. Hearing transcript, p. 196 (Mitchell).

Physical Characteristics and Uses

Petitioners maintain that there is a broad continuum of soft alloy aluminum extrusion products that are different shapes, possess different types of coating or finishing and undergo different types of fabrication. Petitioners maintain that this continuum of aluminum extrusions contains different forms of the same product.²²

Aavid maintains that unlike extruded aluminum products, which are differentiated physically by shape and dimension, the primary criterion in selecting among finished heat sinks is thermal resistance. According to testimony presented at the hearing, “the thermal performance and its use in end products are the lynchpin that differentiate a finished heat sink from any other extrusion.”²³ Aavid argues that to satisfy thermal resistance requirements, finished heat sinks must meet exacting dimensional specifications, which may require flat surfaces level to within one-thousandth of an inch per inch.²⁴

SDMA maintains that KDs are physically different from many other kinds of aluminum extrusions because: KDs are an assemblage of components, not all of which are even derived from aluminum extrusions; the aluminum extrusions used in KDs are not final components as purchased from extruders of aluminum because they must first undergo various forms of fabrication; and the components fabricated from aluminum extrusions are different from other aluminum extrusions fabricated for different purposes.²⁵

SDMA maintains that there are clear physical differences between shower door extrusions and the aluminum extrusions used in other applications, citing the “jewelry-grade” surface finishes as a distinguishing physical characteristic.²⁶ SDMA cites a second important physical difference between shower door extrusions and other types of aluminum extrusions is that the former are highly engineered products that are custom made to fit the designs of a given shower door manufacturer.²⁷

Common Manufacturing Facilities, Production Processes, and Production Employees

Petitioners argue that soft alloy aluminum extrusions are produced in common manufacturing facilities by the same employees using the same machinery and the same processes. According to testimony presented at the hearing, production can be shifted between different shapes merely by changing the dies in the extrusion press.²⁸

Aavid maintains that finished heat sinks require highly trained engineers as well as sophisticated machinery and equipment, including wind tunnels, testing units, flow meters, and computation fluid dynamic software to simulate heat and air flow. Aavid argues that its manufacturing procedures require a level of engineering and testing that goes well beyond anything in the extrusion industry.²⁹

²² Hearing transcript, pp. 23-24 (Jones).

²³ Hearing transcript, p. 170 (Soucy).

²⁴ Aavid prehearing brief, p. 8. According to testimony presented at the hearing, aluminum extrusions have a flat surface tolerance ranging between 4,000 and 14,000 of an inch per inch. Hearing transcript, p. 169 (Soucy).

²⁵ SDMA adds that “no one would call a shower door enclosure KD an aluminum extrusion.” SDMA’s prehearing brief, pp. 13-14.

²⁶ SDMA cites a number of finishes that are typically used in shower door extrusions in ways unique to shower door extrusions: bright dip anodized (in silver and gold colors); satin (etched or anodized); oil-rubbed bronze; and brushed nickel or other specialized brushed patterns. SDMA’s prehearing brief, p. 23. Hearing transcript, p. 190 (Cobb).

²⁷ Hearing transcript, pp. 190-191 (Cobb). SDMA notes that shower door aluminum extrusions “generally must be produced to a dimensional tolerance far stricter (often as strict as +/- 0.020 inches) than for typical extrusion applications, almost all of which are not designed to be water tight.” SDMA’s prehearing brief, p. 26.

²⁸ Hearing transcript, p. 24 (Jones).

²⁹ Hearing transcript, pp. 172-173 (Soucy).

SDMA maintains that KDs use very different manufacturing facilities, production processes, and production employees than those used for basic aluminum extrusions, noting that no SDMA member possesses or uses furnaces, hydraulic extrusion presses, metal dies, or aging, all of which constitutes primary operations of an aluminum extrusion producer.³⁰ SDMA adds that SDMA members have “engineering capabilities and fabrication facilities that basic aluminum extruders do not have, because those capabilities and facilities are not necessary for the manufacture of aluminum extrusions per se.”³¹

SDMA maintains the shower door extrusions require unique manufacturing facilities, production processes, and production employees not widely available among aluminum extrusion producers.³² SDMA notes that only a very small number of domestic aluminum extrusion mills possess the employees, equipment and skill to provide the extrusion shapes, “jewelry grade” finishes, and fabrication needed for shower door extrusions, citing in part the sophisticated equipment and skills needed to produce shower door extrusions, as well as Environmental Protection Agency regulations on certain types of finishing, including bright-dipping.³³

Interchangeability

Petitioners argue that “as with any product within the continuum of aluminum extrusion products, interchangeability is limited by intended use, but the lack of interchangeability does not differentiate standard shapes from custom shapes any more than one custom shape from another custom shape.” Petitioners maintain that while heat sinks are not interchangeable with other aluminum extrusions, this is equally true of virtually all of the different aluminum extrusions within the scope of these investigations.³⁴

Aavid maintains that finished heat sinks and aluminum extrusions are not interchangeable with any other product because finished heat sinks must be precisely manufactured and specified for thermal performance.³⁵

SDMA maintains that common aluminum extrusions, even as the material input in the composition of shower door KDs, are not interchangeable with shower door enclosure KDs because the extrusions used in shower door KDs must be specially fabricated and always undergo further finishing, proprietary to each shower KD manufacturer, before they become part of the KD unit. Moreover, SDMA argues that KDs contain other components, such as vinyl, boxes, screws and hardware packs in addition to the fabricated aluminum extrusions.³⁶

SDMA maintains that shower door extrusions are not interchangeable with other extruded aluminum products because the former are manufactured according to specified, and often proprietary, shapes that are useable only in the specific shower door or enclosure for which they are designed.³⁷

³⁰ Hearing transcript, p. 188 (Cobb).

³¹ SDMA acknowledges that aluminum extruders also have fabrication capabilities (internal or external), the fabrication capabilities necessary to manufacture shower door KDs are “very different from the basic aluminum extrusion and finishing processes at the heart of Petitioners’ businesses.” SDMA’s prehearing brief, pp. 18-19

³² Hearing transcript, p. 192 (Cobb).

³³ SDMA’s prehearing brief, p. 28.

³⁴ Petitioners’ prehearing brief, p. 12. Petitioners argue that although there is a lack of interchangeability among aluminum extrusions, differing uses and a lack of cross use interchangeability do not undermine a single like product finding. Hearing transcript, p. 27 (Jones).

³⁵ According to testimony presented at the hearing, “our {Aavid’s} customers would never buy a gutter or window frame to cool their electronic components.” Hearing transcript, p. 170 (Soucy).

³⁶ SDMA’s prehearing brief, pp. 15-16.

³⁷ Hearing transcript, p. 191 (Cobb). SDMA adds that aside from being the wrong shape, to fit within the design of the shower door or enclosure, other aluminum extrusions would be inappropriate because they would not provide the cosmetic, durability, and safety attributes required by shower door and enclosure products. SDMA prehearing brief, p. 26.

Customer and Producer Perceptions

Petitioners maintain that aluminum extrusions have common producer and customer perceptions in that they are relatively easy to work or machine, which in turn enables the formation of a wide range of shapes and forms.³⁸

Aavid maintains that extruded aluminum producers and finished heat sinks producers distinguish themselves in the market and represent themselves as completely separate businesses. Aavid adds that their customers do not follow the aluminum extrusion market nor do their customers think of Aavid as an extruded aluminum supplier.³⁹

SDMA maintains that shower door manufacturers do not extrude aluminum, but rather design proprietary aluminum extrusion pieces to be manufactured by an aluminum extruder, purchase these extrusions, fabricate, finish, and combine the extrusions with other fabricated components to produce a final finished KD unit.⁴⁰

SDMA maintains that customers and producers perceive shower door extrusions as completely different products from other aluminum extrusions. SDMA argues that aluminum extrusion producers recognize the unique requirements of shower door extrusions as opposed to aluminum extrusions not produced for shower door manufacturers, and only certain producers have the capability to produce shower door extrusions. SDMA adds that customers of shower door extrusions are a distinct group of customers who purchase aluminum extrusions only for use in manufacturing shower doors and enclosures, and not for any other reason.⁴¹

Channels of Distribution

Petitioners maintain that all types of aluminum extrusions are sold both directly to end users and through distributors.⁴² Petitioners add that “to the extent that differences in channels of distribution may have previously existed, those divided lines have blurred, with metal service center distributors often providing design services to purchasers and then communicating the order to the producer.”⁴³

Aavid maintains that aluminum extrusions and finished heat sinks are sold through separate and distinct channels of distribution and argues that Aavid’s authorized distributors are primarily electronic distributors that distribute electronic equipment, while aluminum extruders sell either directly to users of raw material extrusions (i.e., heat sink blank suppliers sell to Aavid), or to building material manufacturers/installers, large metal distributors and/or consumer goods manufacturers.⁴⁴

SDMA maintains that shower door and shower enclosure KD units have separate channels of distribution from those of all other aluminum extrusions. According to SDMA, aluminum extrusions are sold to aluminum distributors as well as end users, primarily producers of other products, while KD units are sold to bath and shower distributors/retailers and construction contractors.⁴⁵

SDMA maintains that shower door extrusions are sold through different channels of distribution than other aluminum extrusions, noting that “because of their custom designs and highly-engineered

³⁸ Hearing transcript, p. 24 (Jones).

³⁹ According to testimony presented at the hearing, Aavid is viewed as part of the electronics industry, not the extrusion industry. Hearing transcript, p. 172 (Soucy).

⁴⁰ SDMA rejects Petitioners’ assertion that a “universe of aluminum extrusions” exists. Instead, SDMA maintains that if shower door enclosure KD units were “within any universe, it is the universe of alternative bath and shower enclosures.” SDMA’s prehearing brief, p. 17.

⁴¹ SDMA’s prehearing brief, pp. 27-28.

⁴² Hearing transcript, p. 24 (Jones).

⁴³ Petitioners’ prehearing brief, p. 11.

⁴⁴ Aavid’s prehearing brief, p. 14.

⁴⁵ SDMA adds that “KDs have different channels of distribution from those of other articles containing fabricated aluminum extrusions because the different articles have different uses.” SDMA’s prehearing brief, p. 16.

nature, shower door extrusions cannot simply be sold through wholesalers or distributors in stock shape and sizes.”⁴⁶

Price

Petitioners maintain that the prices of aluminum extrusions are based on finish and level of fabrication and that the range of prices is similar within the different types of alloys used in the extrusions.⁴⁷ Aavid maintains that prices for finished heat sinks are significantly higher than extruded aluminum products, even the heat sink blanks, which are the raw material input used to produce finished heat sinks. Aavid argues that the heat sink blanks, which Aavid purchases from unaffiliated U.S. suppliers cost less than one-third the price of a U.S. produced finished heat sink and noted that “post blank manufacturing processes account for the vast majority of the total cost of producing a finished heat sink. Thus, pricing is radically different.”⁴⁸

SDMA argues that prices for shower door and shower enclosure KDs and the prices of aluminum extrusions in general are very different. According to SDMA, the fabrication operations performed by shower door manufacturers on basic aluminum extrusions adds significant value to those raw materials (i.e., up to *** percent of the value of fabricated extrusions sold). Moreover, the other components that are added to the fabricated extrusions increased the value added of the aggregated product.⁴⁹

SDMA maintains that shower door extrusions are “significantly more expensive than other forms of aluminum extrusions because of the high quality, ‘jewelry-grade’ finishes essential to their production, as well as their highly engineered and custom nature.”⁵⁰

Semi-Finished Product Analysis

When an issue arises as to whether products at different stages of production should be included in the same domestic like product, the Commission has employed a five-factor “semi-finished/finished products” analysis. The five factors that the Commission has considered in analyzing semi-finished products include: (1) uses (is the upstream product dedicated to the production of the downstream product or does it have independent uses?); (2) markets (are there separate markets for the upstream and downstream products?); (3) characteristics and functions (are there differences in the physical characteristics and functions of the upstream and downstream products?); (4) value (are there differences in the production costs and/or sales values (transfer values or market prices as appropriate) of the upstream and downstream products?); and (5) transformation processes (what is the significance and extent of the processes used to transform the upstream product into the downstream product?).

The issue is whether three products: shower door and enclosure knock down units (“KDs”), specifically-engineered aluminum extrusions with “jewelry-grade” surface finishes used in shower door or enclosure applications (“shower door extrusions”), and finished heat sinks should be included in the definition of the domestic like product. The following paragraphs provide a summary of the parties’ responses to the five-factor “semi-finished/finished products” analysis.⁵¹

⁴⁶ Hearing transcript, pp. 191-192 (Cobb). SDMA adds that shower door extrusions are sold directly from producers to shower door manufacturers for whom they have been specifically designed and produced. SDMA’s prehearing brief, p 27.

⁴⁷ Hearing transcript, p. 24 (Jones).

⁴⁸ Hearing transcript, pp. 173-174 (Soucy).

⁴⁹ SDMA prehearing brief, p.19.

⁵⁰ SDMA prehearing brief, p. 29.

⁵¹ In their posthearing brief, Petitioners compare heat sink blanks to finished heat sinks and aluminum extrusions to shower door extrusions and KDs. In their prehearing brief, Aavid maintains that “the Commission has not relied on the semi-finished product test in cases that involve an array of horizontal products, some of which may be inputs into other in-scope products.” However, Aavid adds that “if the Commission were to consider the semi-finished

Whether the Upstream Product is Dedicated to the Production of the Downstream Product

In comparing finished heat sinks and heat sink blanks, Petitioners maintain that heat sink blanks, which are the raw material input used to produce finished heat sinks, are dedicated to finished heat sink production and ***.⁵² Aavid maintains that heat sink blanks are not dedicated to the production of finished heat sinks because “{h}eat sink blanks can be used to produce two types of heat sinks—heat sinks that are specified for thermal performance and those that are not.”⁵³

In comparing KDs and aluminum extrusions, Petitioners argue that lineals produced for shower door use are primarily, if not exclusively, incorporated into kits. Petitioners add that the individual components of a kit are fabricated to be used together and are not interchangeable even with the same component, produced in the same manner, by another producer. SDMA maintains that only a very small subset of the upstream article—aluminum extrusions—is dedicated to the production of the downstream product—KD units.⁵⁴

Whether There are Separate Markets for the Upstream and Downstream Products

In comparing finished heat sinks and heat sink blanks, Petitioners maintain that a substantial portion of heat sink blanks are consumed internally for production of finished heat sinks. Moreover, Petitioners maintain that although fabricators, such as Aavid, buy heat sink blanks from an aluminum extruder, the heat sink blanks are extruded to the specifications for the finished heat sink, and the heat sink blank never enters a separate merchant market.⁵⁵ Aavid maintains that heat sink blanks and finished heat sinks are consumed by two different markets, depending on whether or not those products were designed for thermal performance.

In comparing KDs and aluminum extrusions, Petitioners maintain that there is no separate market for shower door lineals. SDMA maintains that KD units and aluminum extrusions have very different markets because aluminum extrusions are produced and sold to OEMs who further process the extrusions, while KD units are sold by shower enclosure manufacturers to shower and bath installers.

Whether There are Differences in the Physical Characteristics and Functions of the Upstream and Downstream Products

In comparing finished heat sinks and heat sink blanks, Petitioners maintain that the function of a heat sink blank is the same as the finished heat sink.⁵⁶ Aavid argues that heat sink blanks do not impart

product test in this investigation, it would have to compare billets to FHS.” The Commission also received a posthearing brief on behalf of Thermshield LLC (“Thermshield”), a global supplier of finished heat sinks. In its submission, Thermshield expressed its support of Aavid’s position that finished heat sinks constituted a separate like product and provided a response to the “semi-finished/finished products” analysis. In their posthearing brief, SDMA analyzed KDs under the semi-finished product analysis, but noted that shower door extrusions are less suitable for this analysis because “{a}luminum extrusions are not ‘upstream articles’ of shower door extrusions, and therefore, it is more appropriate to apply the traditional separate like product analysis factors.” SDMA’s post hearing brief, p. 4. The Commission also received a posthearing brief on behalf of Floturn, a producer of organic photoreceptor/photoconductor substrates (“OPC substrates”), which was represented by counsel at the hearing as a nonparty. In its posthearing submission, Floturn provided a response to the “semi-finished/finished products” analysis, maintaining that Floturn’s products have independent uses; separate markets; different physical characteristics and functions; and wide differences in costs and value. Floturn’s posthearing brief, p. 4.

⁵² Petitioners’ posthearing brief, Answers to the Commissioners’ Questions, pp. 1-2.

⁵³ Aavid’s posthearing brief, Responses to Commission Questions, p. 5.

⁵⁴ SDMA posthearing brief, p. 2.

⁵⁵ Petitioners’ posthearing brief, Answers to the Commissioners’ Questions, p. 2.

⁵⁶ Petitioners’ posthearing brief, Answers to the Commissioners’ Questions, p. 2.

the essential characteristic or function to finished heat sinks, which is its thermal performance capability. Aavid adds to obtain that capability requires a substantial amount of engineering, processing, and testing.⁵⁷ Thermshield maintains that the “physical differences in flatness and finish, the existence of drilled and threaded holes and metal cutouts, and the addition of supplemental hardware” physically distinguish a finished heat sink from a heat sink blank.⁵⁸

In comparing KDs and aluminum extrusions, Petitioners maintain that the components included in these units retain their characteristics and have the same function as the unit (i.e., to be assembled into a completed shower door).⁵⁹ SDMA maintains that KD units and aluminum extrusions have very different physical characteristics and functions.⁶⁰

What Is the Significance and Extent of the Processes Used to Transform the Upstream Product into the Downstream Product?

In comparing finished heat sinks and heat sink blanks, Petitioners maintain that the transformation of the heat sink blank entails one additional production step, machining to final tolerances, and that testing is merely a service intended to confirm the performance of the heat sink.⁶¹ Aavid maintains that the heat sink blanks, which it purchases, are substantially transformed into finished heat sinks. Aavid notes that to ensure the specified thermal performance, finished heat sink producers must machine and finish the heat sink blank to customer specifications, usually to flatness specifications of 0.001 inches per inch.⁶² Thermshield maintains that the transformation of a heat sink blank into a finished heat sink is significant and involves multiple steps.⁶³

In comparing KDs and aluminum extrusions, Petitioners maintain that assembling the components into a KD unit does not transform the components into a different good, and the components retain their essential character after they are incorporated into a KD unit. SDMA maintains that the value of the aluminum extrusions contained in a KD unit account for approximately only 20 to 50 percent of the cost of the KD unit; therefore, process used to transform aluminum extrusions into KD units are very significant.⁶⁴

Value Added by U.S. Converters

In comparing finished heat sinks and heat sink blanks, Petitioners maintain that a large portion of the value of the downstream product is already present in the semi-finished product and that the percentage of total cost attributable to post blank fabrication varies widely.⁶⁵ Aavid maintains that a significant amount of cost and further processing must be done to transform a heat sink blank into a finished heat sink. Aavid cites the prehearing staff report, noting that the average price of a finished heat sink was \$*** per short ton, while the average price of a heat sink blank was \$***.⁶⁶ Thermshield estimates that heat sink blanks contained in a finished heat sink constitute approximately one-third of the value of a finished heat sink.

⁵⁷ Aavid’s posthearing brief, Responses to Commission Questions, p. 6.

⁵⁸ Moreover, Thermshield adds that a heat sink blank “simply does not have the same use as a finished heat sink.” Thermshield’s posthearing brief, p. 8.

⁵⁹ Petitioners’ posthearing brief, Answers to the Commissioners’ Questions, p. 2.

⁶⁰ These differences were provided in SDMA’s separate like product analysis in its prehearing brief, which is summarized in the domestic like product section that follows.

⁶¹ Petitioners’ posthearing brief, Answers to the Commissioners’ Questions, pp. 3-4.

⁶² Aavid’s posthearing brief, Responses to Commission Questions, p. 4.

⁶³ Thermshield’s posthearing brief, p. 11.

⁶⁴ SDMA’s posthearing brief, p. 4.

⁶⁵ Petitioners’ post hearing brief, Answers to the Commissioners’ Questions, pp. 3-4.

⁶⁶ Aavid’s posthearing brief, Responses to Commission Questions, attachment J.

In comparing KDs and aluminum extrusions, Petitioners maintain that the additional value added to prepare a KD unit is modest, and is comprised primarily by other purchased components. Petitioners add that the assembly of components into a KD unit adds some value, but such is likely to be insignificant in relation to the production of the components themselves. SDMA maintains that the value of the aluminum extrusions contained in a KD unit account for approximately only 20 to 50 percent of the cost of the KD unit.⁶⁷

⁶⁷ SDMA's posthearing brief, p. 4.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET CHARACTERISTICS

In general, certain aluminum extrusions are produced, marketed, and distributed nationally by U.S. producers and importers. Although there are a large number of firms, the six leading U.S. producers and five leading importers of aluminum extrusions from China account for more than 65 percent of U.S. production and almost 80 percent of U.S. subject imports, respectively.

Twenty-six of 53 responding U.S. producers and 15 of 37 responding importers reported selling certain aluminum extrusions nationally. At least 66 percent of U.S. producers and 54 percent of importers sold to each region.

U.S.-produced aluminum extrusions made up 75 percent of the market in terms of volume in 2010, down from 84 percent in 2008. In 2010, imports from China made up 16 percent of the market compared to 7 percent in 2008.

One U.S. producer (***) accounted for 35 percent of U.S. production in 2010; no other U.S. producer exceeded 10 percent of U.S. production in 2010. The next five largest U.S. producers were ***, which together represented about 30 percent of U.S. production. *** imported about 30 percent of U.S. imports from China in 2010. The next four largest importers *** combined for almost one-half of U.S. imports from China in 2010.

CHANNELS OF DISTRIBUTION

According to petitioners, the majority of the aluminum extrusions are sold directly to end users, although some products are sold through distributors.¹ As shown in table II-1, about three-fourths of shipments of U.S.-produced aluminum extrusions and aluminum extrusions imported from nonsubject countries in 2010 were to end users. About two-thirds of shipments of U.S. imports from China were to distributors in 2010, up from less than one-half of shipments in 2008 and 2009. This increase was mainly due to increased shipments from two importers (***) that make about 80 percent of their shipments to distributors and not to individual importers increasing shipments to end users between 2009 and 2010.

SUPPLY AND DEMAND CONSIDERATIONS

Supply

U.S. Supply

Based on available information, U.S. aluminum extrusion producers have the ability to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced aluminum extrusions to the U.S. market. The main contributing factors to the moderate degree of responsiveness of supply are the availability of unused capacity and some ability to use inventories to increase shipments; supply responsiveness is constrained by a limited ability to ship to alternate markets and a limited or no ability to produce alternate products.

¹ Petition Vol. 1, p. 18.

Table II-1**Aluminum extrusions: U.S. producers' and importers' U.S. shipments of aluminum extrusions, by sources and channels of distribution, 2008-10**

Item	Period		
	2008	2009	2010
Share of reported shipments (percent)			
Domestic producers' U.S. shipments of aluminum extrusions to:			
Distributors	26.3	24.7	24.8
End users	73.7	75.3	75.2
U.S. importers' U.S. shipments of aluminum extrusions from China:			
Distributors	44.4	48.7	67.4
End users	55.6	51.3	32.6
U.S. importers' U.S. shipments of aluminum extrusions from all other countries to:			
Distributors	19.4	22.7	21.8
End users	80.6	77.3	78.2
Note.—Data for domestic producers include only U.S. commercial shipments.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Industry capacity

U.S. producers have unused capacity with which they could increase production of aluminum extrusions in the event of a price change. U.S. producers' capacity utilization decreased from 64.8 percent in 2008 to 58.4 percent in 2010. The decrease in capacity utilization resulted from a decrease in production of 147,751 short tons and an decrease in capacity of 55,241 short tons.

Alternative markets

U.S. producers have very limited ability to divert shipments to or from alternative markets in response to changes in the price of aluminum extrusions. Exports by the U.S. producers, as a share of total shipments, increased from 3.2 percent in 2008 to 4.0 percent in 2010.

Inventory levels

U.S. producers have a somewhat limited ability to use inventories as a means of increasing shipments of aluminum extrusions to the U.S. market. The ratio of end-of-period inventories to total shipments for the U.S. producers increased from 4.2 percent in 2008 to 5.2 percent in 2010.

Production alternatives

U.S. producers have little or no ability to shift production equipment or workers between aluminum extrusions and other products. Petitioners indicate that only aluminum extrusions are produced

on the equipment and machinery that are used to produce aluminum extrusions.² Almost all responding U.S. producers indicated that they do not produce products other than aluminum extrusions on their equipment and machinery. Exceptions included ***, which reported that its production equipment and production workers are used to produce both *** and *** reported that it also ***.

Supply constraints

Four of 52 responding U.S. producers indicated that they had refused, declined, or been unable to supply aluminum extrusions for nonprice reasons since January 2008. ***, indicated that they were not able to make timely shipments and that their supply chain in September 2010 was disrupted due to the affirmative determination by the Department of Commerce in this investigation. U.S. producer *** indicated that in 2010 it used controlled order entry and customer allocations with purchaser *** because of constraints faced by its *** capacity. U.S. producer *** indicated that it had faced supply constraints in 2010 due to the limited availability of billets.

Subject Imports from China

Based on available information, Chinese producers have the ability to respond to changes in demand with large changes in the quantity of shipments of aluminum extrusions to the U.S. market.³ The main contributing factors to the large degree of responsiveness of supply are the existence of alternate markets and the availability of unused capacity; supply responsiveness is constrained by the somewhat limited ability to use inventories and to produce alternate products.

Industry capacity

Chinese producers have unused capacity with which they could increase production of aluminum extrusions in the event of a price change. The eight responding Chinese producers' capacity utilization increased from 81.8 percent in 2008 to 83.5 percent in 2010. The increase in capacity utilization resulted from an increase in production of 15.0 percent, while capacity increased by 13.3 percent.

The largest Chinese producers of aluminum extrusions reportedly have more than 1.5 million short tons in capacity to produce aluminum extrusions, but some of this capacity is likely used for hard alloy aluminum extrusions that are not subject to this investigation. In 2007, the largest Chinese producer was reportedly Zhongwang with 505 thousand metric tons (557 thousand short tons) of capacity.⁴ The next largest Chinese producers at that time were Asia Aluminum with 360 thousand metric tons (397 thousand short tons), Guangdong Fenglu with 200 metric tons (220 thousand short tons), and two other producers with 150 metric tons (165 thousand short tons).

Zhongwang indicates that its capacity to produce aluminum extrusions as of December 31, 2010, was 640 thousand metric tons, with sales of 499 thousand metric tons in 2009 and 347 thousand metric

² Conference transcript, p. 50 (Henderson, Brown, and Crowdis).

³ Eight Chinese producers responded to the foreign producers' questionnaire. These responses are believed to account for approximately *** of Chinese export shipments to the United States in 2010. In the preliminary phase of this investigation, the Commission received responses from *** Chinese producers. These firms represented about 35 to 40 percent of U.S. imports from China in 2007 and 2008, but only 12 percent of U.S. imports from China in 2009 (see table VII-2 and table IV-2). For the years in which the data sets overlap (2008 and 2009) the capacity utilization data is mostly consistent between the two data sets, although inventories as a share of shipments is higher in the preliminary phase data than in the final phase.

⁴ China Zhongwang Holdings Limited, Prospectus, April 24, 2009, p. 77.

tons of sales in 2010.⁵ This suggests capacity utilization rates of 78 percent in 2009 and 54 percent in 2010. Zhongwang also indicated that it plans on increasing its capacity in 2011.⁶ However, Zhongwang reports that about 90 percent of its sales in 2010 were for industrial products. Some of these industrial products can also be produced from hard alloys that are not subject to this investigation.⁷

Chinese producer Asia Aluminum reported capacity of *** thousand short tons in 2009 in their preliminary questionnaire response. Asia Aluminum has indicated that its capacity is currently 310 thousand metric tons (342 thousand short tons), and that its products are used to produce transportation and aviation equipment.⁸ Since the products it produces from aluminum extrusions include airplane parts, some of this capacity may be for hard alloy aluminum extrusions.⁹

Alternative markets

Subject producers in China have the ability to divert shipments to or from their home market and alternative markets in response to changes in the price of aluminum extrusions. Shipments of aluminum extrusions from China to markets other than the United States (both exports to alternative markets and shipments to the home market) increased from approximately 88.8 percent of total shipments in 2008 to 92.7 percent in 2010.

Inventory levels

Chinese producers have a limited ability to use inventories as a means of increasing shipments of aluminum extrusions to the U.S. market. The ratio of end-of-period inventories to total shipments for the Chinese producers increased from 6.7 percent in 2008 to 8.3 percent in 2010.

Production alternatives

Chinese producers have a somewhat limited ability to produce alternative products using the machinery or workers used to produce aluminum extrusions. Four of eight responding Chinese producers indicated that they produce products other than aluminum extrusions on the equipment and machinery that is used to produce aluminum extrusions. One Chinese producer (***) indicated that it uses the same machines and production workers to manufacture mounting brackets (carbon-steel, stainless steel), which are used as a supporting structure in solar projects. Consistent with its response in the U.S. producer questionnaire, ***, reported in its Chinese producer questionnaire response that its production equipment and production workers are used to produce both ***.

In addition, several Chinese producers that responded to the preliminary phase questionnaire, but not the final phase questionnaire, indicated that they could produce alternative products on the same machinery or with the same workers. (***) indicated that it can produce screen, handle, and heatsinks on

⁵ China Zhongwang Holdings Limited, Annual Report, 2010, pp. 21, 23.

⁶ China Zhongwang Holdings Limited, Annual Report, 2010, p. 21.

⁷ China Zhongwang Holdings Limited, Annual Report, 2010, pp. 21, 23. Zhongwang stated in its annual report that it is, “principally engaged in the production of high precision, large-section and high value-added industrial aluminum extrusion products which are widely used in the transportation sector (including railway passenger and cargo carriages, metropolitan rails, automobiles, heavy trucks, vessels, aviation and aerospace) as well as machinery equipment and electric power engineering fields.” Ibid., p. 4.

⁸ Zhaoqing Asia Aluminum Factory Company Limited, http://www.asiaalumgroup.com/eng/extr_about.asp, downloaded April 4, 2010.

⁹ Zhaoqing Asia Aluminum Factory Company Limited, http://www.asiaalumgroup.com/eng/extr_products_applications.asp, downloaded April 3, 2010.

the same machinery. (***) indicated that it could produce 2000, 5000, and 7000 series aluminum extrusions on the same equipment, while (***) indicated that it could produce aluminum extrusions not subject to this investigation on its machinery and equipment.

Supply constraints

Six of the 40 responding importers reported refusing, declining, or being unable to supply aluminum extrusions. Reasons for not supplying included: inability to meet customer specifications, lead time, payment terms or price; shipment delay due to vessel congestion; local trucking problems; the inability to obtain paint extrusions from the U.S. suppliers on time; and the preliminary antidumping and countervailing duty determinations.

Demand

Based on available information, it is likely that any change in the price level of aluminum extrusions will result in a small change in the quantity of aluminum extrusions demanded. The main contributing factor is the lack of products that can be immediately substituted for aluminum extrusions.

Demand Characteristics

As described in more detail in Part I, aluminum extrusions serve in a wide variety of applications such as window and door frames and sills, curtain walls, thresholds, gutters, solar panel frames, and vehicle parts.¹⁰ According to petitioners, the wide and varied uses of aluminum extrusions are due to their combination of desirable performance characteristics such as high strength, low weight, high corrosion-resistance, and relative workability and/or machineability.¹¹

Most (about 50 to 60 percent) responding producers, importers, and purchasers indicate that U.S. demand for aluminum extrusions has been declining since 2008 (see table II-2). Most firms reported that demand declined because of the economic downturn or reduced construction activity. However, 10 percent of responding producers, 24 percent of responding importers, and 16 percent of responding purchasers reported that demand had increased since 2008. Most of these firms attributed the increase in demand to the recent recovery of the economy. Purchasers also related a similar pattern in changes in demand for their end-use products using aluminum extrusions.

More U.S. producers, importers, and purchasers reported that foreign demand had declined than those that reported that it has increased. Thirty-eight percent of responding producers, 32 percent of responding importers and 33 percent of responding purchasers reported demand outside the United States had declined. Twenty-nine percent of responding producers, 21 percent of responding importers, and 25 percent of responding purchasers reported demand outside the United States had increased. Most firms indicated that the change in demand was caused by changes in global economic conditions.

Most of the top economic indicators that drive demand for the aluminum extrusion industry fell or are relatively unchanged since 2008.¹² Total nonfarm employment decreased by 5 percent between January 2008 and March 2011 (see figure II-1). Also, seasonally adjusted housing starts decreased by 55 percent between January 2008 and January 2009, but then fluctuated between January 2009 and February

¹⁰ Petition Vol. 1, p. 8.

¹¹ Ibid.

¹² Conference transcript, pp. 78-79 (Crowdis and Henderson).

Table II-2

Aluminum extrusions: Changes in demand in the U.S. and non-U.S. markets, and end use products, 2008 to present

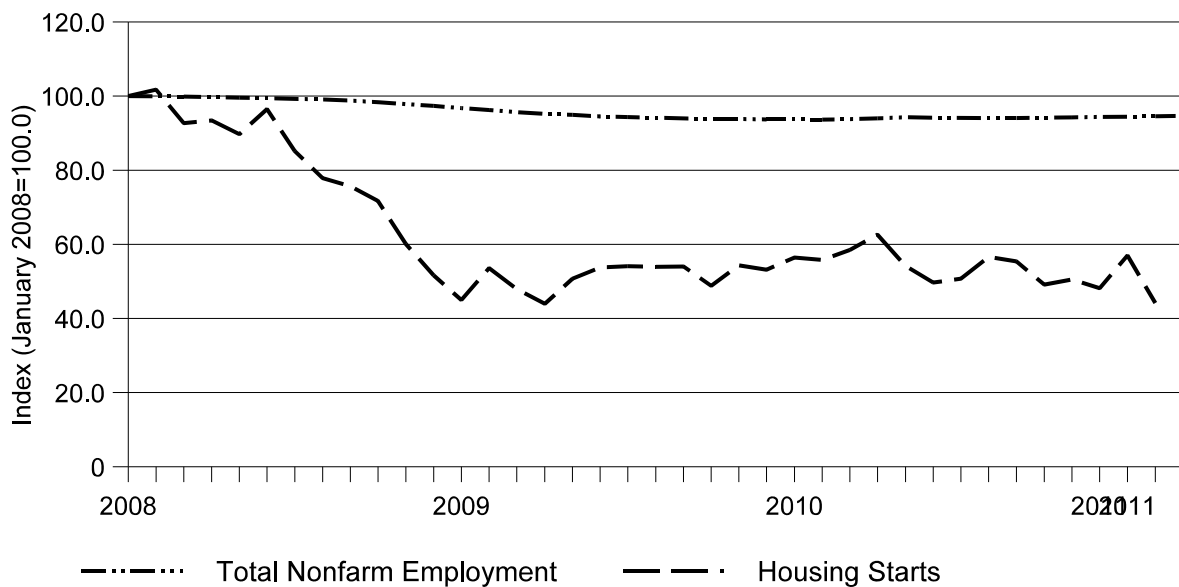
	Number of firms reporting			
	Increased	Decreased	Fluctuate	No change
U.S. market:				
U.S. producers	5	32	11	4
U.S. importers	9	18	8	3
U.S. purchasers	9	33	14	1
Non-U.S. markets:				
U.S. producers	7	9	4	4
U.S. importers	6	9	7	6
U.S. purchasers	10	13	11	6
Final end use products:				
U.S. purchasers	10	25	12	1

Source: Compiled from data submitted in response to Commission questionnaires.

Figure II-1

Employment and housing starts: Indices of total nonfarm employment in the United States, seasonally adjusted and seasonally adjusted housing starts monthly, January 2008-March 2011

Source: U.S. Census Bureau, Manufacturing, Mining and Construction Statistics, Construction Spending and Bureau of Labor



Statistics (retrieved April 11, 2011).

2011 decreasing by 2 percent. Real GDP growth in United States was 0.0 in 2008, -2.6 percent in 2009, and 2.9 percent in 2010.¹³

Business Cycles

About one-half of responding producers, importers, and purchasers reported that the aluminum extrusion market is subject to distinctive business cycles or conditions of competition. Firms reported seasonal demand; demand related to hurricanes; demand related to RV, boating, and commercial transportation; and demand related to business and construction cycles.

Over one-half of responding producers, importers, and purchasers indicated that these distinctive business cycles or conditions of competition for aluminum extrusions have changed since January 2008. The changes included lower demand because of the financial crisis; increased capacity; increased share of Chinese extrusions in U.S. market; increased demand based on hurricane forecasts; extrusion companies' bankruptcies; supply chain management exacerbating the business cycle and increased customer use of domestic supply to supplement imports; movement of lower value-added extruders into higher value-added niches of the market; and declines in the truck trailer market.

Substitute Products

Petitioners indicate that given the engineering content in their products, there are no products that can be immediately substituted for aluminum extrusions, although substitutes can be developed over the product cycle.¹⁴ Although it is rare, some very minor applications, such as high tension cable connectors, switch back and forth between using steel and aluminum on a monthly basis.¹⁵

At least two-thirds of responding producers, importers, and purchasers indicated that there are no substitutes for aluminum extrusions. The most frequently cited substitutes were vinyl/plastic for windows and doors, steel for transportation and machinery, aluminum tube or casings, copper, and wood. Most responding producers, importers, and purchasers reported that changes in the price of these substitutes did not affect the price of aluminum extrusions.

Cost Share

Producers and importers reported that the share of the cost of aluminum extrusions in their final uses ranges from less than one percent for automobiles, appliances, mounting solutions for circuit boards, and furniture to 70 percent or more for electrical conduits, mounting systems for solar collectors, and doors and storm shutters. U.S. producer and importer Sapa indicates that for applications such as electrical conduit, the aluminum extrusion can represent 85 to 90 percent of the costs, whereas for other applications such as a storm doors the aluminum extrusion can be 25 percent of the cost, or for a classic truck tractor it may be 5 percent of the cost.¹⁶

¹³ Bureau of Economic Activity, downloaded February 14, 2011.

¹⁴ Conference transcript, pp. 102-104 (Henderson, Brown, and Crowdis).

¹⁵ Conference transcript, p. 103 (Crowdis).

¹⁶ Conference transcript, p. 101 (Brown).

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported aluminum extrusions depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is a high degree of substitutability between domestically produced aluminum extrusions and aluminum extrusions imported from China.

Factors Affecting Purchasing Decisions

Almost all responding purchasers reported quality and price among the top three factors they consider when making a purchase. Almost two-thirds of responding purchasers ranked quality ahead of price in the top three factors they consider when making a purchase. As indicated in table II-3, quality was named by 53 percent of responding purchasers as the number one factor generally considered in deciding from whom to purchase aluminum extrusions and as the number two factor by 32 percent of responding purchasers. As indicated in table II-4, 90 percent of responding purchasers indicated that quality meeting industry standards was a very important factor and 57 percent of responding purchasers reported that quality exceeding industry standards was a very important factor. Characteristics that purchasers consider when determining the quality of aluminum extrusions include product packaging, machineability, strength, composition, color, finish thickness, shape, cut dimensions, adherence to dimensional and chemical tolerances, hardness, chemical properties, color consistency, paint quality, and finish thickness.

Almost all responding purchasers reported that price was one of the top three factors they considered when making a purchase. Price was named by 23 percent of responding purchasers as the number one factor generally considered in deciding from whom to purchase aluminum extrusions and as the number two factor by 26 percent of responding purchasers. Also, 86 percent of responding purchasers indicated that price was a “very important” factor in their purchase decisions for aluminum extrusions. Over 70 percent of responding purchasers indicated that the lowest-priced aluminum extrusion will either “sometimes” or “usually” win a sale (table II-5).

About seventy-five percent of responding purchasers reported that they require their suppliers to become certified or pre-qualified for all, or nearly all, of their purchases of aluminum extrusions. Purchasers reported that it can take from one day to nine months to qualify a new supplier; the most frequently reported time was 90 days. About twenty percent of responding purchasers indicated that since 2008 certain domestic or foreign producers failed in their attempts to certify or qualify their aluminum extrusions or have lost their approved status. The only supplier that lost its approved status due to quality by more than one purchaser was ***, who was specifically mentioned by two purchasers. Also, all or almost all purchasers reported that availability, product consistency, and reliability of supply are very important factors in their aluminum extrusions purchasing decisions. About one third of responding purchasers reported that availability was one of the top three factors in purchasing decisions.

Petitioners indicated that price is usually the most important factor for purchasers of aluminum extrusions.¹⁷ U.S. producer and importer Sapa reports that products imported from China and products produced in the United States are comparable in terms of quality and product availability.¹⁸ Bonnell Aluminum stated that the Chinese industry produces “decent” or similar quality products to U.S.-produced aluminum extrusions and that Chinese producers have found a way of satisfying the needs of

¹⁷ Conference transcript, pp. 24, 95 (Henderson, Crowdis).

¹⁸ Conference transcript, pp. 23-24 (Henderson).

Table II-3**Aluminum extrusions: Ranking of factors used in purchasing decisions, as reported by unrelated U.S. purchasers**

Factor	Number of firms reporting			
	Number one factor	Number two factor	Number three factor	Total
Availability	7	7	5	19
Customer service	0	1	2	3
Delivery/lead times	4	9	12	25
Prearranged contracts	1	0	1	2
Price	13	15	24	52
Product range	0	0	1	1
Quality	30	18	4	52
Reliability of supply	0	2	1	3
Terms	0	2	2	4
Traditional/approved supplier	2	0	0	2
Other ¹	0	3	5	8

¹ Includes responses for "capability," "consistency," "extension of credit," "manufacturing capabilities," "packaging and labeling," "product depth," "product meets specifications," and "technical support."

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-4
Aluminum extrusions: Importance of factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	58	0	0
Delivery terms	33	24	1
Delivery time	47	9	1
Discounts offered	22	26	10
Extension of credit	23	17	18
Price	50	8	0
Minimum quantity requirements	23	29	6
Packaging	33	22	3
Product consistency	58	0	0
Quality meets industry standards	52	6	0
Quality exceeds industry standards	33	20	5
Product range	18	31	9
Reliability of supply	56	2	0
Technical support	30	24	4
U.S. transportation costs	29	27	2
Other ¹	4	0	0

¹ Includes on "commitment to distribution," "clear distribution policy," "consistent anodizing," and "quality meets firm's (***) standards."

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-5
Aluminum extrusions: Frequency at which lowest price product wins a sale, as reported by U.S. purchasers

	Number of U.S. producers reporting			
	Always	Usually	Sometimes	Never
Will the lowest priced product win the sale?	9	20	23	6

Source: Compiled from data submitted in response to Commission questionnaires.

many, but probably not all, customers.¹⁹ Futura Industries indicates that although its customers are dependent on the “great and reliable” responsive service that they get from the U.S. industry, it feels a tremendous amount of pressure to have the same cost advantage as their competitors who are purchasing aluminum extrusions imported from China.²⁰ Sapa notes that the importance of price is demonstrated by the success of Chinese importers in the U.S. market despite the clear advantages enjoyed by the U.S. industry.²¹ Importer Peng Cheng reports that quality is comparable between U.S.-produced aluminum extrusions and imports of aluminum extrusions from China and in some cases the U.S. product is of higher quality.²²

Importer Hubbell Power Systems (Hubbell) indicates that price is neither the only nor the determinative factor for purchases of aluminum extrusions since its customers require customized products as well as short lead times and competitive prices. It notes that its main customers are public utilities that need quick, adequate, and available supply when power outages occur.²³ Hubbell also indicates that when it searched for alternate domestic suppliers in 2007, neither of the two U.S. producers that could produce the required sizes (***) could meet its demand due to limited manufacturing capabilities (at that time) and timing issues.²⁴

Chinese producer Zhaoqing indicates that U.S. extruders’ production equipment is generally older and less capable of producing complex sections and thinner walls and therefore unable to meet growing demand for profiles, tubes, or pipes with less than 1mm thick walls.²⁵ However, petitioners insist that they do not know of any products that the U.S. industry cannot produce that Chinese producers can produce.²⁶

Basco indicated that it fought quality issues with its lone U.S. supplier for years, but that its Chinese suppliers provide a much higher grade of quality, a more consistent finish, and exact tolerances.²⁷ It also said the reject rate for Chinese suppliers, is under one percent, while it was four to five times greater for its domestic supplier.²⁸ ***.²⁹ ***.³⁰ Basco also said that its domestic supplier is inflexible with minimum shipment quantities that require it to order an entire truckload of certain product.³¹ ***.³²

Some *** provided specific examples of where they have encountered quality and product availability issues with U.S. producers. Basco indicated that a U.S. producer declined to produce a bar

¹⁹ Conference transcript, pp. 94-95 (Crowdis).

²⁰ Conference transcript, p. 94 (Johnson).

²¹ Conference transcript, p. 95 (Henderson).

²² Conference transcript, p. 184 (Boland).

²³ Respondent Hubbell Power Systems’ postconference brief, p. 9.

²⁴ Respondent Hubbell Power Systems’ postconference brief, p. 5.

²⁵ Respondent Zhaoqing’s postconference brief, p.10.

²⁶ Conference transcript, pp. 108-109 (Crowdis and Johnson).

²⁷ Hearing transcript, pp. 248-249 (Rhode).

²⁸ Hearing transcript, p. 249 (Rhode).

²⁹ SDMA’s posthearing brief, exhibit 1.

³⁰ Petitioners’ posthearing brief, exhibit 9, attachment A.

³¹ Hearing transcript, p. 250 (Langefels).

³² Petitioners’ posthearing brief, exhibit 9, attachment B. ***.

shape that has a curve on it.³³ ***.³⁴ ***.³⁵ Basco indicated that U.S. producers are unable to provide the assistance it receives from Chinese suppliers in designing new products. It also reported that it received more help from foreign producers than U.S. producers in tweaking product design and improving innovation.³⁶ ***.³⁷

***.³⁸

Comparison of U.S.-Produced and Imported Aluminum Extrusions

As shown in table II-6, more than 80 percent of responding producers and purchasers and about two-thirds of responding importers indicated that aluminum extrusions produced in the United States and imported from China are “always” or “frequently” used interchangeably. At least 44 percent of responding purchasers reported that U.S.-produced aluminum extrusions was ranked comparable with imports from China for all characteristics except for delivery time and price (table II-7). At least two-thirds of responding purchasers indicated that U.S. product was ranked superior to imports from China with regard to delivery time, and that the U.S. product was ranked inferior to imports from China with regard to price. Some importers indicated that interchangeability was limited by the profiles available, quality, machineability, formability, finishes, and lead times. One importer reported that China has a wider range of both large and small presses and that U.S. producers reject many shapes and requests as not profitable.

With respect to nonsubject countries, at least 82 percent of the responding producers, importers, and purchasers reported that aluminum extrusions produced in the United States and imported from nonsubject countries are “always” or “frequently” used interchangeably. At least one-half of responding purchasers reported that U.S.-produced aluminum extrusions were ranked comparable with imports from Canada for all characteristics. At least 80 percent of producers, importers, and purchasers reported that aluminum extrusions imports from China, Canada, and other nonsubject countries are “always” or “frequently” used interchangeably.

As indicated in table II-8, at least 64 percent of responding producers and importers and 39 percent of responding purchasers indicated that differences other than price between aluminum extrusions produced in the United States and imported from China were at most “sometimes” a significant factor in their sales. Purchasers made similar responses when comparing aluminum extrusions produced in the United States and imported from nonsubject countries and in comparisons between imports from China, Canada, and other nonsubject countries. Some purchasers indicated that availability and quality were better for aluminum extrusions imported from China, while others reported that U.S. produced aluminum extrusions were better. Several purchasers indicated that they could not purchase thin walled product from U.S. producers.

³³ Hearing transcript, pp. 231-232 (Rhode).

³⁴ Petitioners’ posthearing brief, exhibit 9, pp. 2-3.

³⁵ SDMA’s posthearing brief, exhibit 1, pp. 11-12 and exhibit 2.

³⁶ Hearing transcript, pp. 251-252 (Rohde).

³⁷ Petitioners’ posthearing brief, exhibit 9, p. 3.

³⁸ SDMA’s posthearing brief, exhibit 1, p. 12 and exhibit 3.

Table II-6

Aluminum extrusions: Perceived interchangeability between aluminum extrusions produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting				
	A	F	S	N	A	F	S	N	A	F	S	N	
U.S. vs. other countries:													
U.S. vs. China	34	5	6	1	15	12	11	3	24	13	6	2	
U.S. vs. Canada	34	3	1	0	10	4	1	0	14	9	2	0	
U.S. vs. other nonsubject	25	6	1	0	12	4	2	1	12	6	4	0	
Other countries comparisons:													
China vs. Canada	27	4	1	0	8	2	0	1	10	4	0	0	
China vs. other nonsubject	24	5	1	0	12	3	2	0	10	3	1	0	
Canada vs. other nonsubject	23	5	1	0	8	2	0	0	7	2	2	0	
Note.--A = Always, F = Frequently, S = Sometimes, N = Never. Source: Compiled from data submitted in response to Commission questionnaires.													

Table II-7**Aluminum extrusions: Purchasers' comparisons of domestic and subject and nonsubject products**

Factor	U.S. vs. China			U.S. vs. Canada			China vs. Canada		
	S	C	I	S	C	I	S	C	I
Availability	18	24	8	7	13	0	1	5	8
Delivery terms	22	26	2	3	16	0	0	8	6
Delivery time	38	9	3	8	10	1	0	1	13
Discounts offered	9	31	9	0	18	2	2	8	4
Extension of credit	9	37	2	1	18	0	1	10	4
Lower price	3	10	36	5	16	1	11	2	0
Lower US. transportation costs	15	28	7	2	17	0	0	8	6
Minimum quantity requirements	5	36	8	1	18	0	1	10	3
Packaging	14	28	8	3	16	0	2	6	6
Product consistency	7	36	6	2	16	0	1	8	4
Product range	13	28	8	4	16	0	2	5	7
Quality exceeds industry standards	10	33	7	4	14	1	1	9	4
Quality meets industry standards	18	28	4	5	14	0	0	5	9
Reliability of supply	24	22	4	5	14	0	0	3	11
Technical support/service	19	23	7	8	11	0	0	9	5

Note.—S = domestic product superior, C = domestic product comparable, I = domestic product inferior.

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-8**Aluminum extrusions: Perceived differences other than price between aluminum extrusions produced in the United States and in other countries, by country pairs**

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting				
	A	F	S	N	A	F	S	N	A	F	S	N	
U.S. vs. other countries:													
U.S. vs. China	6	7	18	15	11	3	19	6	19	9	14	4	
U.S. vs. Canada	3	3	14	15	2	1	8	4	3	3	9	5	
U.S. vs. other nonsubject	3	5	14	10	4	1	9	4	8	2	5	3	
Other countries comparisons:													
China vs. Canada	2	2	12	10	2	0	7	2	3	2	4	1	
China vs. other nonsubject	2	3	11	10	3	1	8	4	4	1	2	2	
Canada vs. other nonsubject	2	2	10	9	1	0	7	2	2	0	3	2	

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.
Source: Compiled from data submitted in response to Commission questionnaires.

ELASTICITY ESTIMATES

This section discusses suggested elasticity estimates based on the conditions of competition. Petitioners indicated that they “don’t disagree” with the elasticities presented in the prehearing report.³⁹ Respondents have not commented on the elasticities.

U.S. Supply Elasticity

The domestic supply elasticity for aluminum extrusions measures the sensitivity of the quantity supplied by U.S. producers to a change in the U.S. market price of aluminum extrusions. The elasticity of domestic supply depends on several factors, including the level of excess capacity, the ease with which producers can alter capacity, producers’ ability to shift to the production of other products, the existence of inventories, and the availability of alternative markets for U.S.-produced aluminum extrusions.⁴⁰ Earlier analysis of these factors indicates that the U.S. industry has the ability to respond to changes in demand with moderate changes in shipments of aluminum extrusions to the U.S. market. Staff estimates that the supply elasticity for aluminum extrusions is between 4 and 6.

U.S. Demand Elasticity

The U.S. demand elasticity for aluminum extrusions measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of aluminum extrusions. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of aluminum extrusions in the production of downstream products. As discussed earlier, it is likely that any change in the price level of aluminum extrusions will result in a small change in the quantity of aluminum extrusions demanded. The main contributing factors

³⁹ Hearing transcript, p. 113 (Woodings).

⁴⁰ Domestic supply response is assumed to be symmetrical for both an increase and a decrease in demand for the domestic product. Therefore, factors affecting increased quantity supplied to the U.S. market also affect decreased quantity supplied to the same extent.

are the lack of products that can be immediately substituted for aluminum extrusions. Based on available information, the demand elasticity for aluminum extrusions is likely to be in the range of -0.25 to -0.50.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.⁴¹ Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, surfaces, coil sizes) and conditions of sale (e.g., service, availability, delivery). Petitioners indicated that the substitution elasticity is above or near the upper limit of 6 suggested in the prehearing staff report.⁴² Based on this and other available information, the elasticity of substitution between U.S.-produced aluminum extrusions and subject imported aluminum extrusions is likely to be in the range of 4 to 6.

⁴¹ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and U.S. domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject product (or vice versa) when prices change.

⁴² Hearing transcript, p. 114 (Woodings).

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the margin of dumping and subsidies was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of 54 firms that accounted for the vast majority of U.S. production of aluminum extrusions over the period examined.¹

U.S. PRODUCERS

Of the 54 firms that responded to the Commission's questionnaires, eight opposed the petition, while 41 firms supported the petition and five firms took no position on the petition. Table III-1 lists U.S. producers of aluminum extrusions, their positions on the petition, production locations, production, and shares of reported production during the period examined.²

¹ Of these 54 firms, *** provided usable data.

² Table III-1 includes a small number of firms that do not extrude aluminum, but rather further process purchased or imported aluminum extrusions into downstream products, including members of the SDMA, which produce shower doors, and Aavid, which produces finished heat sinks. The following members of the SDMA identified themselves as producers of the subject merchandise: ***. ***. March 29, 2011 email from *** to USITC investigator. As detailed in table III-1, questionnaire responses from a number of these firms *** included unusable trade data. The Commission requested separate data from U.S. producers that produce finished heat sinks, which are reported in appendix E. These firms accounted for less than *** percent of total U.S. production of aluminum extrusions by quantity in 2010.

Table III-1**Aluminum extrusions: U.S. producers of aluminum extrusions, their positions on the petition, production locations, production, and shares of reported production, 2008-10**

Firm	Position on petition ¹	Production location(s)	Total production (short tons)	Share of production (percent)
Aavid	***	Laconia, NH	***	***
Aerolite Extrusion	Support, petitioner	Boardman, OH Youngstown, OH	***	***
Aisin Light Metals	***	Marion, IL	***	***
Alexandria Extrusion	Support, petitioner	Alexandria, MN	***	***
Arizona Shower Doors	***	Phoenix, AZ	***	***
Basco	***	Mason, OH	***	***
Benada Aluminum	Support, petitioner	Medley, FL	***	***
Bonnell	Support, petitioner	Carthage, TN Kentland, IN Newnan, GA	***	***
Bowers Manufacturing	***	Portage, MI	***	***
Brazeway	***	Hopkinsville, KY Shelbyville, IN	***	***
Briteline	***	Summerville, SC	***	***
Cardinal Shower	***	Louisville, KY	***	***
Coastal Industries	**	Houston, TX Jacksonville, FL Norcross, GA Rockwell, NC	***	***
CommScope	***	Catawba, NC	***	***
C.R. Laurence	***	Los Angeles, CA	***	***
Custom Aluminum	***	South Elgin, IL	***	***
Empire Resources	***	Baltimore, MD (idled)	***	***
Extrusions, Inc.	***	Fort Scott, KS	***	***
Extrusions Technology	***	Randolph, MA	***	***
Frontier Aluminum	Support, petitioner	Corona, CA	***	***
Futura Industries	Support, petitioner	Clearfield, UT	***	***
General Extrusions	***	Youngstown, OH	***	***
Hydro Aluminum	Support, petitioner	Belton, SC Kalamazoo, MI Monett, MO North Liberty, IN Phoenix, AZ Sidney, OH St. Augustine, FL	***	***
International Extrusions	***	Garden City, MI	***	***
Kaiser	Support, petitioner	Bellwood, VA Los Angeles, CA Sherman, TX Tulsa, OK	***	***

Table continued on next page.

Table III-1--Continued

Aluminum extrusions: U.S. producers of aluminum extrusions, their positions on the petition, production locations, production, and shares of reported production, 2008-10

Firm	Position on petition¹	Production location(s)	Total production (short tons)	Share of production (percent)
Keymark	***	Fonda, NY Lakeland, FL	***	***
Light Metals	***	Wyoming, MI	***	***
Loxcreen	***	West Columbia, SC	***	***
M&M	***	Carrolton, TX	***	***
M-D Building Products	***	Gainesville, FL Oklahoma City, OK	***	***
MI Metals	***	Millersburg, PA Oldsmar, FL Prescott Valley, AZ Smyrna, TN	***	***
Michigan Aluminum	***	Jackson, MI	***	***
Mid-States Aluminum	***	Fond du Lac, WI	***	***
Minalex Corp.	***	Whitehouse Station, NJ	***	***
New Age Industrial	***	Norton, KS	***	***
Non Ferrous Extrusion	***	Coldwell, TX	***	***
Peerless of America	***	Effingham, IL	***	***
Penn Aluminum	***	Harlingen, TX Murphysboro, IL	***	***
Pennex	***	Wellsville, PA	***	***
Pries Enterprises	***	Independence, IN	***	***
Profile Extrusion	Support, petitioner	Phoenix, AZ Rome, GA	***	***
PSI	***	Carrolton, TX	***	***
Sapa	Support, petitioner	Burlington, NC City of Industry, CA Connersville, IN Cressona, PA Delhi, LA Elkhart, IN Gainesville, GA Kokomo, IN (idled) Louisville, KY (closed) Magnolia, AR Morris, IL (closed) Mountaintop, PA Parsons, KS (closed) Portland, OR Spanish Fork, UT Yankton, SD	***	***

Table continued on next page.

Table III-1--Continued

Aluminum extrusions: U.S. producers of aluminum extrusions, their positions on the petition, production locations, production, and shares of reported production, 2008-10

Firm	Position on petition ¹	Production location(s)	Total production (short tons)	Share of production (percent)
Sierra Aluminum	***	Fontana, CA Riverside, CA	***	***
Silver City Aluminum	***	Taunton, MA	***	***
Southeastern	***	Indianapolis, IN Jacksonville, FL Phoenix, AZ	***	***
Superior Extrusion	***	Gwinn, MI	***	***
Tower Extrusions	***	Olney, TX	***	***
Tri-City Extrusion	***	Bristol, TN	***	***
Valmont Industries	***	Elkhart, IN	***	***
Vitex Extrusion	***	Franklin, NH	***	***
Wakefield Solutions	***	Pelham, NH	***	***
Western Extrusions	Support, petitioner	Carrollton, TX	***	***
YKK AP America	***	Dublin, GA	***	***
Total			3,035,390	100.0
¹ Indicates position on both the dumping and subsidy investigations unless otherwise indicated. ² Less than 0.05 percent. ³ Provided unusable data.				
Source: Compiled from data submitted in response to Commission questionnaires.				

Based on questionnaire data, U.S. production of aluminum extrusions is moderately concentrated. Sapa alone accounts for more than *** of reported U.S. production, while the 11 petitioning firms account for more than *** of reported U.S. production.

Three of the responding U.S. producers (***,³ ***,⁴ and ***⁵) are related to producers of aluminum extrusions in China.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-2 and Figure III-1 present U.S. producers' production, capacity, and capacity utilization.

³ ***.

⁴ The Chinese producer *** is owned by the same parent company ***.

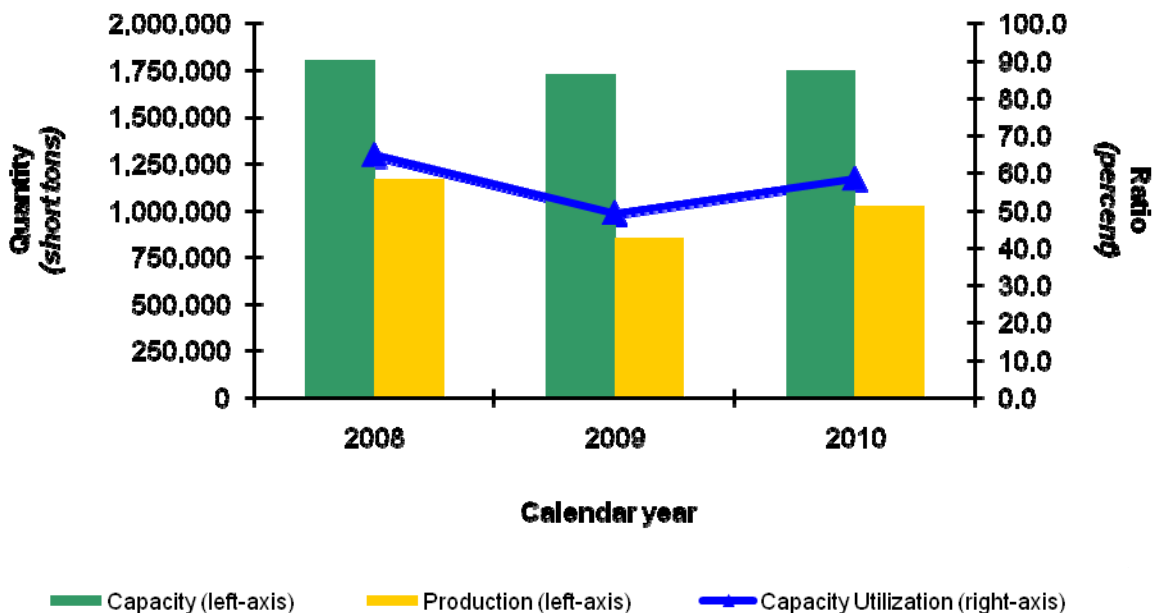
⁵ The Chinese producer *** is owned by the same parent company ***. Conference transcript, p. 148 (Henderson).

Table III-2
Aluminum extrusions: U.S. producers' production, capacity, and capacity utilization, 2008-10

Item	Calendar year		
	2008	2009	2010
Quantity (short tons)			
Capacity	1,802,365	1,725,729	1,747,124
Production	1,167,286	848,569	1,019,535
Capacity utilization (percent)			
Capacity utilization	64.8	49.2	58.4

Source: Compiled from data submitted in response to Commission questionnaires.

Figure III-1
Aluminum extrusions: U.S. producers' production, capacity, and capacity utilization, 2008-10



Source: Table III-2.

The Commission requested U.S. producers to indicate whether their firm has experienced any changes in relation to the production of aluminum extrusions since January 1, 2008. *** reported that it closed three satellite locations in ***. *** reported that it closed an extrusion facility located in *** in 2008, although *** did relocate some of the productive assets of the *** facility to its other production location in **. *** reported closing its extrusion operations in *** in December 2008. *** indicated it closed two extrusion plants over the period examined including: a facility in *** in September 2009 and a facility in *** in December 2009. *** indicated that it closed its *** aluminum extrusion facility in December 2008, in addition to significantly reducing its aluminum extrusion capacity in a restructuring of its *** plant in the first half of 2009.

*** reported that it closed its *** plant in October 2009 and its *** plant in December 2009. *** indicated it closed an aluminum extrusion facility in *** in the second half of 2008. *** reported closing its *** facility in May 2009, but reopened this facility in January 2011. *** indicated that the following

plant locations were closed over the period examined: *** and reported that the following facilities were either idled or completely shut down: *** and the completed sale of ***.

In addition to the outright plant closures discussed above, more than 25 U.S. producers indicated that their operations experienced prolonged shutdowns or production curtailments during the period examined. The various firms responded in different ways to these conditions ranging from idling specific presses, consolidating operations, laying off workers, reducing hours and salaries, eliminating shifts, and applying targeted temporary furloughs.

Several firms either expanded or upgraded their operations. Sapa expanded its U.S. operations by acquiring the assets of Indalex, a former U.S. producer of aluminum extrusions that filed for Chapter 11 bankruptcy in 2009.⁶ ***. Alexandria Extrusion acquired M&M Metals in June 2008.⁷ *** reported acquiring facilities *** in November 2009.

A handful of other U.S. producers conducted targeted expansions or upgrades during the period. *** installed a new extrusion press at its *** facility in 2009. *** upgraded an extrusion press in August 2009. *** opened a new plant in *** in 2010. *** added a press to its *** facility at the end of 2008. *** reported the addition of extrusion press and the expansion of its existing facility in *** in 2009. *** acquired the assets of *** in July 2010. *** added an extrusion press and painting line in 2008.

While the vast majority of U.S. producers source their aluminum billet inputs by purchasing the billets from an arm's length provider, *** firms reported producing aluminum billets and/or the extrusion dies used in the production of aluminum extrusions. ***. ***. ***. ***. ***. ***. ***. ***.

The Commission requested U.S. producers to answer a number of questions relating to their technical abilities to produce aluminum extrusions, including the number of extrusion presses their firms possess and any other specifications, including diameter of their container and the minimum and the maximum wall thickness extrusion their firm is able to produce. In addition, firms were asked whether they have ever turned down an order because of a technical inability to produce (*i.e.*, extrude or draw) the requested products or had to supply customers with the requested products from a third source provider. The Commission also asked whether these firms have ever turned down an order because of factors other than the technical ability to produce the requested products. A summary of these responses is reported in appendix F.

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-3 presents U.S. producers' U.S. shipments, export shipments, and total shipments. Over the period examined, U.S. commercial shipments accounted for the vast majority of U.S. producers' total shipments.⁸ Export shipments accounted for between 3.2 to 4.0 percent of total shipments between 2008 and 2010.⁹

⁶ Conference transcript, pp. 20-21, 141 (Henderson).

⁷ "Alexandria Extrusion Company Acquires M&M Metals." Press Release, November 7, 2008. http://www.alexandrialextrusion.com/aec/publications/2008_11_07.cfm, retrieved April 7, 2011.

⁸ *** firms *** reported data concerning toll arrangements, which accounted for 0.2 percent of total shipments in 2010.

⁹ The most frequently cited export markets by U.S. producers of aluminum extrusions were Canada and Mexico. Other export markets cited include: Argentina, Australia, Brazil, the Caribbean Islands, China, Dominican Republic, the EU, Puerto Rico, Singapore, and Venezuela.

Table III-3

Aluminum extrusions: U.S. producers' U.S. shipments, export shipments, and total shipments, 2008-10

Item	Calendar year		
	2008	2009	2010
Quantity (short tons)			
U.S. commercial shipments	1,073,946	784,165	916,573
Tolled shipments	6,230	4,880	1,908
Internal consumption	20,212	18,727	20,018
Transfers to related firms	11,928	8,675	12,139
U.S. shipments	1,112,316	816,447	950,638
Export shipments	36,965	30,493	40,052
Total shipments	1,149,281	846,940	990,690
Value (1,000 dollars)			
U.S. commercial shipments	4,568,081	2,767,529	3,434,123
Tolled shipments	9,470	7,746	2,538
Internal consumption	121,767	91,712	92,180
Transfers to related firms	41,272	21,958	29,065
U.S. shipments	4,740,590	2,888,945	3,557,906
Export shipments	142,483	109,350	156,376
Total shipments	4,883,073	2,998,295	3,714,283
Unit value (per short ton)			
U.S. commercial shipments	\$4,254	\$3,529	\$3,747
Tolled shipments	1,520	1,587	1,330
Internal consumption	6,024	4,897	4,605
Transfers to related firms	3,460	2,531	2,394
U.S. shipments	4,262	3,538	3,743
Export shipments	3,855	3,586	3,904
Total shipments	4,249	3,540	3,749
Share of quantity (percent)			
U.S. commercial shipments	93.4	92.6	92.5
Tolled shipments	0.5	0.6	0.2
Internal consumption	1.8	2.2	2.0
Transfers to related firms	1.0	1.0	1.2
U.S. shipments	96.8	96.4	96.0
Export shipments	3.2	3.6	4.0
Total shipments	100.0	100.0	100.0
Source: Compiled from data submitted in response to Commission questionnaires.			

The Commission requested that U.S. producers report their firm's U.S. shipments of aluminum extrusions by finish type (mill finished, painted, and anodized) between 2008 and 2010. These data are presented in table III-4.¹⁰

Table III-4
Aluminum extrusions: U.S. shipments of aluminum extrusions, by finish, 2008-10

Item	Calendar year		
	2008	2009	2010
Quantity (short tons)			
Mill finished	799,821	578,948	702,565
Painted	155,496	117,399	117,994
Anodized	124,393	94,514	112,144
Bright dipped	12,454	8,777	9,507
Total U.S. shipments	1,079,710	790,861	932,703
Value (\$1,000)			
Mill finished	3,032,994	1,784,199	2,352,366
Painted	661,952	418,537	440,853
Anodized	726,177	475,601	542,157
Bright dipped	107,453	67,511	62,675
Total U.S. shipments	4,421,123	2,678,336	3,335,376
Unit value (dollars per short ton)			
Mill finished	\$3,824	\$3,106	\$3,377
Painted	4,257	3,565	3,736
Anodized	5,838	5,032	4,834
Bright dipped	8,645	7,714	6,610
Total U.S. shipments	4,120	3,406	3,599
Share of shipment quantity (percent)			
Mill finished	74.1	73.2	75.3
Painted	14.4	14.8	12.7
Anodized	11.5	12.0	12.0
Total	100.0	100.0	100.0
Note.—Bright dipped extrusions are a subset of anodized extrusions.			
Note.—Not all U.S. producers provided their firm's U.S. shipments of aluminum extrusions by finish because of data tracking difficulties or because their firm provided a finish not captured in the above categories. Therefore, reported total U.S. shipments in this table do not reconcile with total U.S. shipments presented in other tables of this report.			
Source: Compiled from data submitted in response to Commission questionnaires.			

¹⁰ Part I of this report provides an explanation of these various finishes.

The Commission requested U.S. producers of aluminum extrusions to indicate whether their firm possessed finishing capabilities (i.e., the capability to provide their customers with painted, anodized, bright dipped or brushed nickel aluminum extrusions) and whether these capabilities were internal or external.¹¹ Table III-5 provides a summary of these responses.

Table III-5
Aluminum extrusions: U.S. producers with finishing capabilities, internal or external, 2010

Finishing	Number of firms	Internal	External
Painting	33	17	16
Anodizing:			
Type I	17	1	16
Type II	32	15	17
Type III	20	7	13
Phosphoric acid	8	3	5
Bright dipping	25	7	18
Brushed nickel	14	5	9
Note.—Type I anodizing refers to chromic acid anodizing; Type II refers to sulfuric acid anodizing; and Type III refers to sulfuric acid hardcoat anodizing.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Twenty-two firms indicated that they provide finishing operations to their customers other than those listed in tables III-4 and III-5. These finishing operations included: bead blasting, brushing, buffing, graining, hammering, ink stamping, laser etching, polishing, rubber stamping, sandblasting, silk screening, texturing, and tumbling.

The Commission requested U.S. producers to indicate whether their firm provides fabrication services for customers and to describe their firm's fabrication capabilities. Forty-seven firms indicated that they provide fabrication services for their customers. The most commonly reported fabrication services included: bending, crimping, cutting, deburring, drilling, machining, milling, notching, punching, swedging, and welding. Seventeen firms reported that after fabrication, the aluminum extrusions they produce may become known as another product before the point of sale, including bath and shower enclosures, evaporator coils, doors and door thresholds, electrical conduit products, floor covering trims, frames, handicap ramps, handles, heat sinks, pedestrian bridges, push bars, retail displays, solar frames, truck racks and rails, and windows.

Table III-6 presents data concerning U.S. producers' estimates of the share of their firms' U.S. shipments that are standardized extrusions and customer-specific extrusions.¹²

¹¹ Eight firms reported both internal and external painting capabilities; six firms reported both internal and external capabilities to perform type II anodizing; three firms reported both internal and external capabilities to perform type III anodizing; two firms reported both internal and external capabilities to provide their customers with bright dip aluminum extrusions; and one firm reported both internal and external capabilities to provide their customers with brushed nickel aluminum extrusions.

¹² Standardized extrusions include any aluminum extrusion produced to a standard shape and are not customer specific; whereas custom extrusions refer to any aluminum extrusion designed specifically to the customer's specification and is not a standard shape.

Table III-6
Aluminum extrusions: U.S. shipments of standardized and custom extrusions, 2008-10

Item	Calendar year		
	2008	2009	2010
Share of quantity (percent)			
Standardized	32.9	32.6	32.0
Custom	67.1	67.4	68.0
Total	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

The Commission requested U.S. producers to indicate the market sectors of their firm's shipments of aluminum extrusions and estimate the share of U.S. shipments accounted for by each market sector in 2010.¹³ Table III-7 presents these data.

Table III-7
Aluminum extrusions: Estimated U.S. shipments by market sector, 2010

Item	Calendar year
	2010
Share of quantity (percent)	
Building and construction	31.2
Transportation	26.1
Engineered products	21.0
Other market sectors	21.7
Total	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-8 presents U.S. producers' production, imports or purchases of imported aluminum extrusions, and the ratio of their imports or purchases to U.S. production over the period for which data were gathered.¹⁴

Table III-8
Aluminum extrusions: Select producers' U.S. production, imports or purchases of imports, and imports or purchases as a ratio to production, 2008-10

* * * * *

¹³ Market segments were categorized as: 1) Building and Construction (windows, doors, carpet framing, shower doors, tub enclosures, railings, high-rise curtain wall, highway and bridge construction, framing members, other various structures); 2) Transportation (cars, buses, trucks, trailer/van/container vehicles, heavy rail, light rail and other mass transit vehicles, recreational vehicles, aircraft, aerospace, and marine machinery); and 3) Engineered Products (consumer and commercial products - air conditioners, appliances, furniture, lighting, sports equipment, personal watercraft; electrical power units, heat sinks, coaxial cables, bus bars; machinery & equipment, food displays, refrigeration; medical equipment, display structures, laboratory equipment and apparatus).

¹⁴ ***. ***.

*** indicated that in addition to its U.S. production facilities, it *** and that ***. *** indicated that imported product ***.

***, which reported imports ***. *** indicated that it imported aluminum extrusions from ***. *** indicated that it imported from ***.

*** indicated that it purchased imports from ***. *** indicated that ***.

*** indicated that its imports were ***. *** indicated that ***. *** indicated that it imported ***.¹⁵ *** indicated that it imported ***. *** indicated that it imported aluminum extrusions from ***.¹⁶ *** indicated that it imported aluminum extrusions from ***. *** indicated that it imported aluminum extrusions from ***.

U.S. PRODUCERS' INVENTORIES

Table III-9 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments over the period examined.

Table III-9
Aluminum extrusions: U.S. producers' end-of-period inventories, 2008-10

Item	Calendar year		
	2008	2009	2010
Quantity (short tons)			
U.S. inventories	48,689	39,224	51,059
Ratio (percent)			
Ratio to production	4.2	4.6	5.0
Ratio to U.S. shipments	4.4	4.8	5.4
Ratio to total shipments	4.2	4.6	5.2
Source: Compiled from data submitted in response to Commission questionnaires.			

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-10 shows U.S. producers' employment-related data during the period examined.¹⁷

¹⁵ *** U.S. importers' questionnaires response, question II-4.

¹⁶ *** U.S. importers' questionnaires response, question II-4.

¹⁷ Two U.S. producers reported that they produced, or anticipated producing in the future, other products using the same manufacturing and/or production employees that were used to produce aluminum extrusions. *** reported that its production equipment and production workers are used to produce both ***. *** reported that it also ***.

Table III-10**Aluminum extrusions: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2008-10**

Item	Calendar year		
	2008	2009	2010
PRWs (number)	12,217	9,793	9,703
Hours worked (1,000)	25,740	20,085	20,371
Wages paid (\$1,000)	494,207	384,143	403,442
Hourly wages	\$19.20	\$19.12	\$19.81
Productivity (short tons per 1,000 hours)	45.7	42.5	50.3
Unit labor costs (per short ton)	\$421.10	\$450.37	\$394.05

Source: Compiled from data submitted in response to Commission questionnaires.

PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION, AND MARKET SHARES

Part IV of this report presents information on imports of subject merchandise and overall U.S. market composition. Reported imports are based on U.S. Customs data that the U.S. Census Bureau used to generate official Commerce statistics. For the purposes of these investigations, the universe of imported product considered to be subject merchandise has been limited to official Commerce statistics for the primary HTS numbers for aluminum extrusions as defined in the petition and by Commerce.¹ Data gathered in response to Commission questionnaires has been used to supplement the official data where appropriate.²

U.S. IMPORTERS

Of the 45 U.S. importers that provided useable data, 39 firms reported imports of aluminum extrusions from China, five of which ***accounted for *** of total reported U.S. imports from China in 2010. Nine firms reported imports of aluminum extrusions from Canada, of which ***accounted for ***percent of total reported U.S. imports from Canada in 2010.

U.S. IMPORTS

Table IV-1 and figures IV-1 and IV-2 present and depict information on U.S. imports of aluminum extrusions over the period examined.³

¹ The petition and Commerce's notice of initiation identified certain secondary HTS numbers under which some subject aluminum extrusions may be imported. Data gathered in response to Commission questionnaires in the preliminary phase of these investigations indicated that 92.3 percent of reported quantities entered under the primary HTS numbers, 4.7 percent of reported quantities entered under the secondary numbers, and 3.0 percent of reported quantities entered under other HTS numbers not identified in the petition or in Commerce's notice of initiation. Petitioners do not disagree with staff's methodology for reporting imports of subject merchandise. Hearing transcript, p. 59 (Woodings).

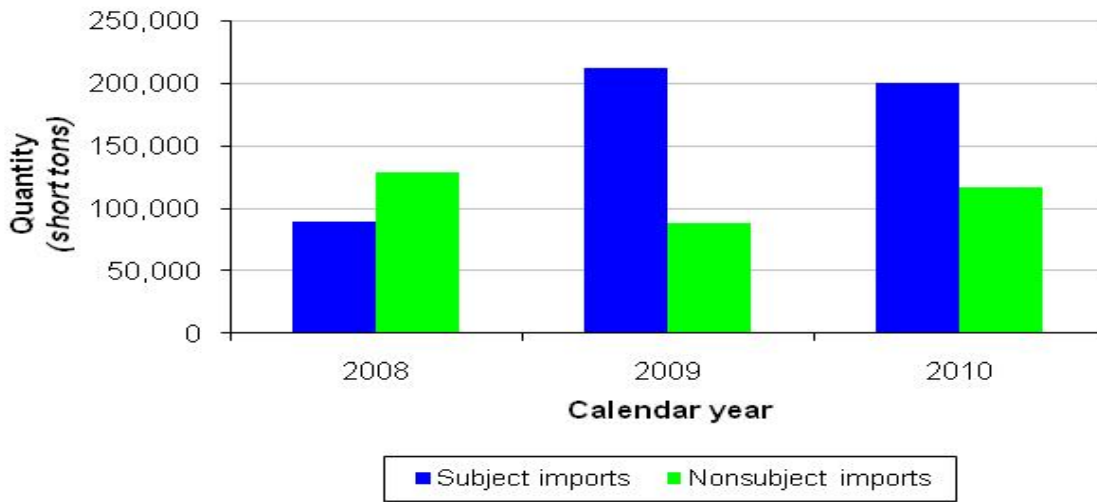
² The Commission sent questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have imported greater than one percent of total imports under primary HTS numbers 7604.21, 7604.29, and 7608.20 in any year since 2008. The Commission received responses from 24 firms that reported they did not import aluminum extrusions during the period examined. When compared to official import statistics of Commerce, questionnaire responses from U.S. importers represented 93.3 percent of total subject imports from China and 25.0 percent of nonsubject imports from all other sources during 2010.

³ The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible. Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. In these investigations, imports of aluminum extrusions from China are not negligible. In the most recent 12-month period for which data are available (January 2010 through December 2010), U.S. imports of aluminum extrusions from China accounted for 63.2 percent of total imports.

Table IV-1
Aluminum extrusions: U.S. imports, by source, 2008-10

Source	Calendar year		
	2008	2009	2010
Quantity (short tons)			
China	89,043	211,705	200,192
Canada	79,885	58,457	69,802
All other sources	48,283	29,625	46,819
Subtotal, nonsubject	128,168	88,082	116,622
Total imports	217,212	299,788	316,814
Value (1,000 dollars)			
China	335,530	547,968	537,498
Canada	333,234	201,876	255,930
All other sources	297,272	157,506	255,052
Subtotal, nonsubject	630,506	359,382	510,981
Total imports	966,036	907,350	1,048,479
Unit value (per short ton)			
China	\$3,768	\$2,588	\$2,685
Canada	4,171	3,453	3,666
All other sources	6,157	5,317	5,448
Subtotal, nonsubject	4,919	4,080	4,382
Average	4,447	3,027	3,309
Share of quantity (percent)			
China	41.0	70.6	63.2
Canada	36.8	19.5	22.0
All other sources	22.2	9.9	14.8
Subtotal, nonsubject	59.0	29.4	36.8
Total imports	100.0	100.0	100.0
Source: Official import statistics, HTS 7604.21, 7604.29, and 7608.20.			

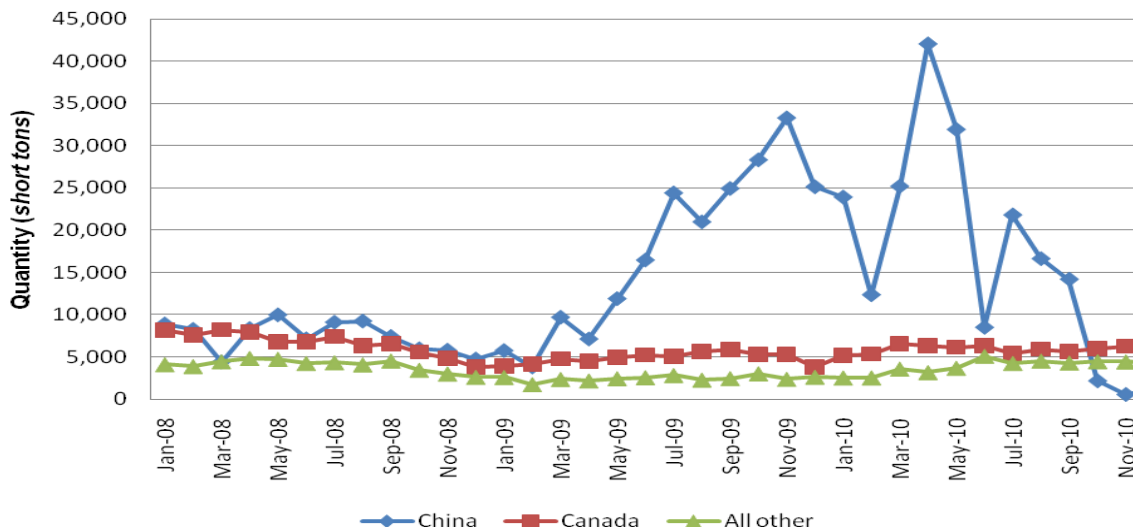
Figure IV-1
Aluminum extrusions: U.S. imports, by source, 2008-10



Source: Table IV-1

As detailed in table IV-1 and figure IV-1, U.S. imports from China increased by 124.8 percent by quantity and nonsubject imports decreased by 9.0 percent by quantity over the period examined. The average unit value of U.S. imports from each source decreased in 2009 compared with 2008, but increased slightly in 2010, reflecting the trend in global primary aluminum prices as reported on the LME.⁴

Figure IV-2
Aluminum Extrusions: U.S. imports, monthly entries into the United States, by sources, 2008-10



Source: Official import statistics, HTS 7604.21, 7604.29, and 7608.20.

⁴ Additional information on LME prices is provided in Part V of this report.

APPARENT U.S. CONSUMPTION AND U.S. MARKET SHARES

Table IV-2 presents data on apparent U.S. consumption and U.S. market shares over the period examined. Between 2008 and 2009, U.S. imports from China gained 12.3 percentage points of market share by quantity in the United States, displacing primarily U.S. producers' market share. U.S. producers' market share by quantity increased slightly between 2009 and 2010; however, their market share levels in 2010 were 8.7 percentage points lower than in 2008.

Table IV-2
Aluminum extrusions: Apparent U.S. consumption and U.S. market shares, 2008-10

Source	Calendar year		
	2008	2009	2010
Quantity (short tons)			
U.S. producers' U.S. shipments	1,112,316	816,447	950,638
U.S. imports from--			
China	89,043	211,705	200,192
Canada	79,885	58,457	69,802
All other sources	48,283	29,625	46,819
Total U.S. imports	217,212	299,788	316,814
Apparent U.S. consumption	1,329,528	1,116,235	1,267,452
Value (1,000 dollars)			
U.S. producers' U.S. shipments	4,740,590	2,888,945	3,557,906
U.S. imports from--			
China	335,530	547,968	537,498
Canada	333,234	201,876	255,930
All other sources	297,272	157,506	255,052
Total U.S. imports	966,036	907,350	1,048,479
Apparent U.S. consumption	5,706,626	3,796,295	4,606,386
Market share by quantity (percent)			
U.S. producers' U.S. shipments	83.7	73.1	75.0
U.S. imports from--			
China	6.7	19.0	15.8
Canada	6.0	5.2	5.5
All other sources	3.6	2.7	3.7
Total U.S. imports	16.3	26.9	25.0
Market share by value (percent)			
U.S. producers' U.S. shipments	83.1	76.1	77.2
U.S. imports from--			
China	5.9	14.4	11.7
Canada	5.8	5.3	5.6
All other sources	5.2	4.1	5.5
Total U.S. imports	16.9	23.9	22.8
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.			

RATIO OF IMPORTS TO U.S. PRODUCTION

Table IV-3 presents data on the ratio of U.S. imports to U.S. production. Between 2008 and 2009, the ratio of imports of aluminum extrusions from China to U.S. production increased by 17.3 percentage points, reflecting increased imports from China and decreased production by U.S. producers in the United States during that period.

Table IV-3
Aluminum extrusions: Ratio of U.S. imports to U.S. production, 2008-10

Source	Calendar year		
	2008	2009	2010
Ratio of imports to U.S. production (<i>percent</i>)			
China	7.6	24.9	19.6
Canada	6.8	6.9	6.8
All other sources	4.1	3.5	4.6
Total imports	18.6	35.3	31.1
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics..			

U.S. SHIPMENTS OF IMPORTS FROM QUESTIONNAIRE RESPONSES

In addition to requesting U.S. importers to provide data regarding their firms' U.S. imports and U.S. shipments of imports of aluminum extrusions, the Commission requested that U.S. importers categorize these data according to the type of finish.⁵ Data compiled from U.S. importer questionnaire responses for imports of aluminum extrusions from China, Canada, and all other sources, by finish are presented in tables IV-4, IV-5, and IV-6, respectively. As detailed in table IV-4, increases in imports of aluminum extrusions from China are almost entirely due to increases in product that was mill finished.

⁵ *Part I* of this report provides an explanation of these various finishes.

Table IV-4
Aluminum extrusions: U.S. shipments of imports of aluminum extrusions from China, by finish, 2008-10

Item	Calendar year		
	2008	2009	2010
Quantity (short tons)			
Mill finished	7,223	32,399	188,832
Painted	15,313	9,076	8,910
Anodized	10,855	9,518	12,565
Bright dipped	1,537	1,125	1,939
Total U.S. shipments	33,391	50,994	210,307
Value (\$1,000)			
Mill finished	22,473	94,078	506,462
Painted	62,668	31,670	33,356
Anodized	52,230	39,460	61,942
Bright dipped	9,405	6,431	16,942
Total U.S. shipments	137,371	165,209	601,760
Unit value (dollars per short ton)			
Mill finished	\$3,325	\$2,883	\$2,684
Painted	4,092	3,485	3,743
Anodized	4,812	3,944	4,843
Bright dipped	6,120	5,564	8,708
Total U.S. shipments	4,174	3,191	2,858
Share of shipment quantity (percent)			
Mill finished	21.6	63.5	89.8
Painted	45.9	17.8	4.2
Anodized	32.5	18.7	6.0
Total	100.0	100.0	100.0
<p>Note.—Bright dipped extrusions are a subset of anodized extrusions.</p> <p>Note.—Not all U.S. importers provided their firm's U.S. shipments of aluminum extrusions by finish because of data tracking difficulties or because their firm provided a finish not captured in the above categories.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>			

Table IV-5
Aluminum extrusions: U.S. shipments of imports of aluminum extrusions from Canada, by finish, 2008-10

* * * * *

Table IV-6
Aluminum extrusions: U.S. shipments of imports of aluminum extrusions from all other sources, by finish, 2008-10

Item	Calendar year		
	2008	2009	2010
Quantity (short tons)			
Mill finished	3,149	1,581	1,618
Painted	843	718	832
Anodized	229	3	23
Bright dipped	0	0	0
Total U.S. shipments	4,221	2,302	2,473
Value (\$1,000)			
Mill finished	19,134	8,586	9,273
Painted	4,259	3,152	3,350
Anodized	1,547	20	92
Bright dipped	0	0	0
Total U.S. shipments	24,940	11,759	12,714
Unit value (dollars per short ton)			
Mill finished	\$6,077	\$5,430	\$5,730
Painted	5,051	4,390	4,026
Anodized	6,753	6,767	3,982
Bright dipped	(¹)	(¹)	(¹)
Total U.S. shipments	5,908	5,107	5,140
Share of shipment quantity (percent)			
Mill finished	74.6	68.7	65.4
Painted	20.0	31.2	33.6
Anodized	5.4	0.1	0.9
Total	100.0	100.0	100.0
¹ Not applicable. Note.—Bright dipped extrusions are a subset of anodized extrusions. Note.—Not all U.S. importers provided their firm's U.S. shipments of aluminum extrusions by finish because of data tracking difficulties or because their firm provided a finish not captured in the above categories. Source: Compiled from data submitted in response to Commission questionnaires.			

The Commission requested U.S. importers of aluminum extrusions to indicate whether their firm possessed finishing capabilities (i.e., the capability to provide their customers with painted or anodized aluminum extrusions) and whether the firms have the internal capabilities to provide finishing services or whether finishing services were provided via external arrangements. Ten firms indicated that they possess the capability to provide their customers with painted aluminum extrusions (nine of which indicated that this capacity was internal) and eight firms indicated that they possess the capability to provide their customers with anodized aluminum extrusions (four of which indicated that this capacity was internal).⁶ Five firms indicated that they provide finishing services other than painting and

⁶ One firm reported both internal and external anodizing capabilities.

anodizing. Twenty-two firms indicated the capability to provide fabrication services for their customers (17 of which reported possessing internal capabilities to provide fabrication services, while four reported providing fabrication services through external arrangements).⁷

Tables IV-7, IV-8, and IV-9 presents U.S. importers' estimates of the share of their firms' U.S. imports of standardized extrusions and customer-specific extrusions from China, Canada, and all other sources, respectively.⁸ As detailed in each table, the majority of U.S. imports from each source during the period examined consisted of custom aluminum extrusions.

Table IV-7
Aluminum extrusions: U.S. imports of standardized and custom extrusions from China, 2008-10

Item	Calendar year		
	2008	2009	2010
Share of quantity (percent)			
Standardized	31.0	26.7	25.7
Custom	69.0	73.3	74.3
Total	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Table IV-8
Aluminum extrusions: U.S. imports of standardized and custom extrusions from Canada, 2008-10

* * * * *

Table IV-9
Aluminum extrusions: U.S. imports of standardized and custom extrusions from all other sources, 2008-10

Item	Calendar year		
	2008	2009	2010
Share of quantity (percent)			
Standardized	28.4	34.9	32.7
Custom	71.6	65.1	67.3
Total	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

⁷ Five firms reported both internal and external fabrication capabilities.

⁸ Standardized extrusions include any aluminum extrusion produced to a standard shape and are not customer specific; whereas custom extrusions refer to any aluminum extrusion designed specifically to the customer's specification and is not a standard shape.

The Commission requested U.S. importers to indicate the market sectors of their firms' U.S. shipments of imports of aluminum extrusions from China, Canada, and all other sources and to estimate the share these shipments accounted for by each market sector in 2010.⁹ Tables IV-10, IV-11, and IV-12 present these data. As detailed below, the most commonly reported market sector for U.S. shipments of imports from each source was transportation.

Table IV-10
Aluminum extrusions: Estimated U.S. shipments of imports of aluminum extrusion from China by market sector, 2010

Item	Calendar year
	2010
Share of quantity (<i>percent</i>)	
Building and construction	18.7
Transportation	59.6
Engineered products	19.4
Other market sectors	2.3
Total	100.0
Source: Compiled from data submitted in response to Commission questionnaires.	

Table IV-11
Aluminum extrusions: Estimated U.S. shipments of imports of aluminum extrusion from Canada by market sector, 2010

* * * * *

Table IV-12
Aluminum extrusions: Estimated U.S. shipments of imports of aluminum extrusion from all other sources by market sector, 2010

Item	Calendar year
	2010
Share of quantity (<i>percent</i>)	
Building and construction	26.8
Transportation	45.7
Engineered products	20.5
Other market sectors	6.9
Total	100.0
Source: Compiled from data submitted in response to Commission questionnaires.	

⁹ Market segments were categorized as: 1) Building and Construction (windows, doors, carpet framing, shower doors, tub enclosures, railings, high-rise curtain wall, highway and bridge construction, framing members, other various structures); 2) Transportation (cars, buses, trucks, trailer/van/container vehicles, heavy rail, light rail and other mass transit vehicles, recreational vehicles, aircraft, aerospace, and marine machinery); and 3) Engineered Products (consumer and commercial products - air conditioners, appliances, furniture, lighting, sports equipment, personal watercraft; electrical power units, heat sinks, coaxial cables, bus bars; machinery & equipment, food displays, refrigeration; medical equipment, display structures, laboratory equipment and apparatus).

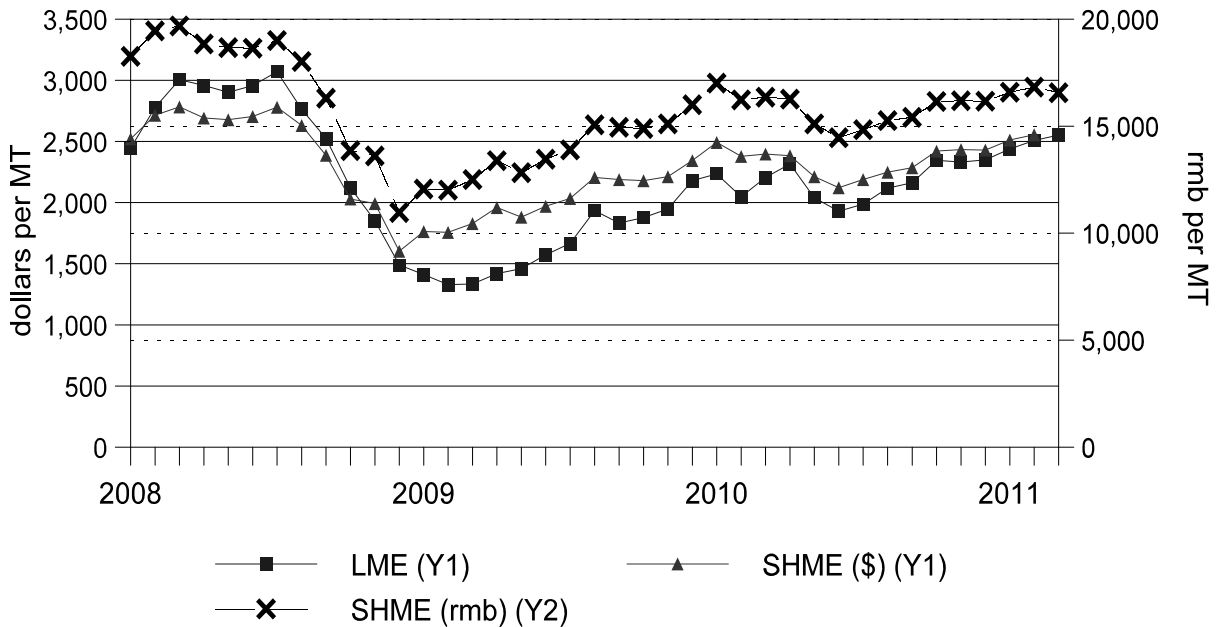
PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw material costs accounted for approximately 66.2 percent of U.S. producers' total cost of goods during 2010. Per-unit raw material costs decreased by 20 percent between 2008 and 2010 from \$1.47 per pound in 2008 to \$1.17 per pound in 2010. Aluminum is the main raw material used to produce aluminum extrusions. The London Metal Exchange (LME) price of aluminum has fluctuated substantially since 2008 decreasing by 42 percent between January 2008 and January 2009, and then increasing by 81 percent between January 2009 and March 2011 (figure V-1). During 2008 to 2010, the Shanghai Metal Exchange (SHME) price of aluminum followed a similar overall trend, but did not fluctuate as much as the LME price. The SHME price had a higher dollar value (at market exchange rates) than the LME price in all but one month. Fifty-seven percent of responding U.S. producers reported that the conversion costs (all non-aluminum costs) for their sales have increased since 2008, while only 11 percent reported that the conversion costs have decreased.

Figure V-1
Aluminum extrusions: Average prices of Primary Aluminum, LME spot and SHME in dollars and renminbi (rmb), by month, January 2008-March 2011



Note: The monthly SHME price for aluminum in renminbi is an average of daily prices reported by Metal Bulletin in renminbi. The SHME price for aluminum in dollars is based on the monthly average SHME price in renminbi and the monthly average renminbi exchange rate reported by IFS.

Source: American Metal Markets, downloaded April 7, 2011, Metal Bulletin, downloaded April 7, 2011, and IFS, downloaded April 7, 2011.

U.S. Inland Transportation Costs

Transportation costs for U.S. inland shipments of aluminum extrusions generally account for a small-to-moderate share of the delivered price of these products. Most U.S. producers reported that the costs ranged from 1 to 10 percent of the delivered price of aluminum extrusions, while most U.S. importers reported that the costs ranged from 1 to 15 percent.¹

PRICING PRACTICES

Pricing Methods

Although prices for most U.S. producers and importers are influenced by the price of aluminum, more U.S. producers than importers adjust pricing based on monthly changes in aluminum prices. More than 80 percent of reporting producers and importers reported that changes in the aluminum benchmark prices affect their overall prices and price lists. About 80 percent of responding U.S. producers, but only about 40 percent of importers, reported using mechanisms to adjust prices to reflect changes in their primary aluminum costs. These mechanisms typically adjust the prices monthly, although some producers and importers adjust prices on a daily, quarterly, or annual basis.

Aluminum extrusions sold by U.S. producers using short-or long-term contracts are typically quoted on the basis of the LME aluminum price, plus a per-pound fabrication charge, while most importers did not report quoting based on a benchmark aluminum price. Twenty-four of 30 producers and seven of 19 importers reported that the metals costs in their short-term contracts depend on a benchmark price, and 12 of 13 responding producers and none of four responding importers indicated that this was also the case with their long-term contracts. In most cases the benchmark price was the either the LME or Midwest metals price.² One producer (***) reported using the *** as benchmark for both its short- and long-term contracts.³ One importer (***) reported using the Shanghai Futures Exchange price for its short-term contracts. Producer Aavid reported that since it sells finished heat sinks on a per piece basis, it must absorb any fluctuation in aluminum costs.⁴ Basco indicates that in its experience U.S. producers charge for every possible value added step in the production process (such as polishing, hollow vs. solid extrusions, color, stretch wrap, number of surfaces treated), while Chinese producers combine all of these steps into one conversion price.⁵

Petitioners indicated that they do not know what price Chinese producers pay for aluminum.⁶ They noted that even though conversations or contacts between importers and customers may reference the LME, it does not necessarily mean that Chinese producers are paying the LME price for aluminum.⁷

Transaction-by-transaction negotiations was the most frequently used price setting method reported by producers and importers with at least 58 percent of producers and importers reporting use this method for at least some of their sales of aluminum extrusions (table V-1). Most producers and importers

¹ A number of U.S. producers and importers reported that transportation costs were as high as 64, 98, or 100 percent of the delivered cost.

² The Midwest price includes a premium for shipping and handling. Transcript, p. 30 (Brown).

³ ***. Staff telephone interview with ***, May 7, 2010.

⁴ Hearing transcript, pp. 275-276 (Soucy).

⁵ SDMA's posthearing brief, exhibit 1, p. 10.

⁶ Transcript, pp. 73, 126-127 (Brown, Jones).

⁷ Transcript, p. 126 (Woodings).

Table V-1**Aluminum extrusions: Price setting methods reported by U.S. producers and importers**

Price setting method	Number of firms reporting	
	U.S. producers	Importers
Transaction-by-transaction	32	23
Contracts	19	19
Set price lists	14	14
Reverse internet auctions	0	0
Other	19	12
Total responding firms	52	40

Note: Some firms identified more than one price setting method.

Source: Compiled from data submitted in response to Commission questionnaires.

mentioning any other price setting method indicated that pricing depends on the price of aluminum or varied their price setting methods by customer.

About one-half of responding producers and importers reported making their sales primarily on an f.o.b. basis and the other half reported making their sales primarily on a delivered basis. U.S. producers mostly sell product to order while importers typically sell product from U.S. inventory. Thirty-nine of 50 responding producers and 10 of 31 importers reported that at least 85 percent of their sales of aluminum extrusions are made to order. Three responding producers and 14 importers reported that at least 80 percent of their sales are from U.S. inventory. Twenty-one of 34 responding importers reported making their shipments from a storage facility, while the remainder sell from the point of importation.

Most U.S. producers and importers sell primarily on a spot basis. Thirty-three of 50 responding producers and 18 of 28 responding importers reported making at least 73 percent of their sales on a spot basis and six producers and eight importers reported making at least 60 percent of their sales on a short-term contract basis (typically 3 months to a year). Three producers reported making at least 70 percent of their sales on a long-term contact basis (typically one to four years).

Lead Times

All U.S. producers reported lead times from inventory of two weeks or less and lead times for sales of product-to-order of eight weeks or less. Lead times for delivery for all but one U.S. importer was three weeks or less on sales from inventory and all importers reported lead times on sales of product produced-to-order ranging from one to 12 weeks.⁸ Most responding producers and responding importers reported that they generally arrange for the transportation to their customers' locations.

Sales Terms and Discounts

About one-half of U.S. producers and importers have some type of discount policy (table V-2). The most frequently used policy among U.S. producers was quantity discounts, while discounts provided by importers vary in type and by customer. Twenty-five U.S. producers and ten importers reported

⁸ *** reported a lead time from inventory of 10 to 13 weeks.

Table V-2**Aluminum extrusions: Discount policies reported by U.S. producers and importers**

Discounts	Number of firms reporting	
	U.S. producers	Importers
Some policy	32	19
Quantity	25	7
Annual total volume	10	5
Other	10	11
No policy	19	18

Note: Some firms identified more than one discount policy.
Source: Compiled from data submitted in response to Commission questionnaires.

extending credit or rebates to their customers. About 80 percent of these U.S. producers and importers reported extending credit to customers and about one-half reported providing rebates.

PRICE DATA

The Commission requested U.S. producers and importers of aluminum extrusions to provide quarterly data for quantity and f.o.b. value for the following aluminum extrusions products that were shipped to unrelated U.S. customers during 2008-10:

Product 1.—Mullions & Split-Mullions, Anodized Finish, Unworked, Alloy 6063 - Size: 1.75" x 3" to 3" x 8", Weight: 0.6 lb/ft to 7 lb/ft

Product 2.—Door/Window Frames & Sashes, Painted Finish, Unworked, Alloy 6063 - Size: CCD: 0.75" to 6", Weight: 0.2 lb/ft to 2 lb/ft

Product 3.— Hand Rails, Painted Finish, Unworked, Alloy 6063 - Size: CCD: 0.5" to 6", Weight: 0.15 lb/ft to 8.25 lb/ft

Product 4.— Tub and shower components, Anodized and Bright Dip Finishes, Unworked, Alloys 6063 & 6463 - Size: CCD: 0.6" to 3", Weight: 0.1 lb/ft to 1 lb/ft

Product 5.— Shower door and enclosure extrusions of alloys 6063 and 6463, with T-5 and T-6 temper, having unique solid and semi-hollow shapes extruded from proprietary dies with small cross-section diameters from .5" to 3", thin walls ranging from .040-.06" with thickness tolerances to within .004", cut tolerances to within 1/32", and requiring high quality "jewelry-grade" surface finishes free of blemishes. The finish requirements for the finished aluminum extrusion include custom-colored anodizing or painting, chemical etching, mechanical and/or chemical polishing to create "bright dip" finish, and mechanical brushing to create various "brushed" or "etched" appearances

Product 6.— Pipe, Mill Finish, Unworked, Alloy 6061 - Size: 1" to 5" Schedule 40 @ 0.5 lb/ft to 5 lb/ft

Product 7.– Heat Sink, 6063 T6 aluminum with an overall width of 18.624 +/- .160 inches wide, 1.75 +/- .06 inches thick by 18.260 +/- .005 inches long with 41 fins. Surface finish of black anodized on denoted surfaces with rest of surfaces free and clear of any finish. Overall flatness of .001 in/in is required with a 32 surface finish. 20 tapped 6-32 holes, 10.125 x.3 holes, and 72 4-40 tapped holes in specified locations without any break through allowed

Twenty-seven U.S. producers, 14 importers of aluminum extrusions from China, and two importers of aluminum extrusions from Canada provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.⁹ Pricing data reported by these firms accounted for approximately 9 percent of U.S. producers' shipments of aluminum extrusions, 4 percent of U.S. shipments of subject imports from China, and less than one percent of U.S. shipments of nonsubject imports from Canada in 2010.

Price Trends

Price data are shown in tables V-3 to V-9 and figure V-2. Price trend summary data are presented in table V-10.¹⁰ Weighted-average sales prices for U.S.-produced products 2, 4, 5, and 7 decreased by *** to *** percent, while prices for products 1, 3, and 6 increased by *** percent to *** percent. Weighted average sales price of product 3 imported from China increased by *** percent, and prices for the other products decreased by *** to *** percent.

⁹ Data reported by several producers and importers were not included in the pricing data. Importer *** reported data for products 4 and 5, but indicated in its questionnaire response that it does not sell aluminum extrusions. Importer *** reported data for product 5 for “extrusions, KD’s, and framepacks” that is not included. U.S. producer and importer *** reported price data for product 5 that is not included. The firm indicated that the price data were derived from data for sales of ***. *** indicated that the higher selling prices were due to value it added to the imported products. Staff phone interview with ***, April 11, 2011. Importer *** reported data for products 1, 2, 3, and 5 that appeared not to fit the specifications for these products. Importer *** reported data for product 7, but reported to staff that it does not sell heat sinks. Email correspondence with *** of ***, February 22, 2011. U.S. importer *** reported price data which it indicated was for finished products that is not included. U.S. producer *** reported data for product 1, but indicated that it “could not break out its data by product type” and is therefore not included. *** provided price data for both products 4 and 5 for “bath enclosure kit sales including extrusions” that was not included. Importer *** reported data for product 5 for “shower door extrusions with and without glass” that was not included. Importer *** reported data for product 4 for “picture frames, mirror frames, and closet doors” that was not included. Importer and U.S. producer *** reported price data for product 1 for “aluminum products” including products other than product 1 that is not included. Importers *** indicated that they do not sell product 6, despite reporting data for product 6 in their questionnaire response. Staff telephone interviews with *** of ***, March 9, 2011 and *** of ***, March 10, 2011.

¹⁰ Petitioners indicated that price data reported by importer *** for product 6 was aberrational compared to other data reported for this product. When the data for *** is omitted, underselling margins ranges from *** and*** percent during 2009 (with no comparisons during 2008), compared to overselling ranging from *** to *** percent during 2008 and 2009. Petitioners requested that staff contact importer *** about the as to whether the price data provided for product 6 meets the product definition provided in the importer questionnaire. Petitioners' prehearing brief, exhibit 1, p. 5. *** verified the data provided for product 5. The company also indicated that it does not supply pipe to distributors, but mostly to ***. Clarification to *** importer questionnaire response, March 28, 2011.

Table V-3

Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product 1¹ and margins of underselling/(overselling), by quarters, 2008-10

Period	United States		China			Canada	
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)
2008:							
Jan.-Mar.	\$2.11	15,322,306	\$***	***	***	--	0
Apr.-June	2.43	13,514,670	***	***	***	--	0
July-Sept.	2.31	14,406,087	***	***	***	--	0
Oct.-Dec.	2.29	14,567,399	***	***	***	--	0
2009:							
Jan.-Mar.	1.97	7,502,634	***	***	***	\$***	***
Apr.-June	1.95	7,308,521	***	***	***	***	***
July-Sept.	2.02	7,898,937	1.79	51,596	11.8	***	***
Oct.-Dec.	2.01	8,157,926	***	***	***	--	0
2010:							
Jan.-Mar.	1.97	10,466,855	***	***	***	***	***
Apr.-June	1.97	12,344,037	***	***	***	--	0
July-Sept.	1.91	14,852,039	***	***	***	***	***
Oct.-Dec.	2.12	12,255,171	***	***	***	--	0

¹ Product 1: Mullions & Split-Mullions, Anodized Finish, Unworked, Alloy 6063 - Size: 1.75" x 3" to 3" x 8", Weight: 0.6 lb/ft to 7 lb/ft.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-4

Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product 2¹ and margins of underselling/(overselling), by quarters, 2008-10

Period	United States		China		
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)
2008:					
Jan.-Mar.	\$2.19	32,501,492	\$2.09	4,523,962	4.6
Apr.-June	2.31	37,198,812	1.90	3,933,936	17.7
July-Sept.	2.34	36,203,520	2.13	2,218,591	8.9
Oct.-Dec.	2.13	26,801,950	1.79	2,175,013	16.2
2009:					
Jan.-Mar.	1.92	19,290,919	1.55	1,831,830	19.5
Apr.-June	1.92	24,268,404	***	***	***
July-Sept.	2.02	23,528,652	1.69	1,437,107	16.4
Oct.-Dec.	2.01	17,744,981	1.66	1,045,547	17.4
2010:					
Jan.-Mar.	2.05	19,250,720	1.79	1,133,623	12.6
Apr.-June	2.07	22,257,524	1.86	1,983,024	9.8
July-Sept.	2.03	19,843,679	1.87	1,918,074	7.7
Oct.-Dec.	2.09	18,012,426	1.89	1,250,365	9.5
<p>¹ Product 2: Door/Window Frames & Sashes, Painted Finish, Unworked, Alloy 6063 - Size: CCD: 0.75" to 6", Weight: 0.2 lb/ft to 2 lb/ft.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

Table V-5

Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product 3¹ and margins of underselling/(overselling), by quarters, 2008-10

Period	United States		China			Canada	
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)
2008:							
Jan.-Mar.	\$***	***	\$***	***	***	\$***	***
Apr.-June	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***
2009:							
Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***
2010:							
Jan.-Mar.	***	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***

¹ Product 3: Hand Rails, Painted Finish, Unworked, Alloy 6063 - Size: CCD: 0.5" to 6", Weight: 0.15 lb/ft to 8.25 lb/ft.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-6

Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product 4¹ and margins of underselling/(overselling), by quarters, 2008-10

Period	United States		China		
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)
2008:					
Jan.-Mar.	\$5.88	3,628,461	\$***	***	***
Apr.-June	6.05	3,593,502	***	***	***
July-Sept.	6.23	3,192,942	***	***	***
Oct.-Dec.	6.37	2,561,835	***	***	***
2009:					
Jan.-Mar.	5.88	2,196,430	***	***	***
Apr.-June	5.63	2,132,169	***	***	***
July-Sept.	5.32	2,336,222	***	***	***
Oct.-Dec.	5.19	2,456,873	***	***	***
2010:					
Jan.-Mar.	***	***	***	***	***
Apr.-June	3.64	2,358,092	***	***	***
July-Sept.	4.09	1,595,049	--	0	--
Oct.-Dec.	***	***	--	0	--

¹ Product 4: Tub and shower components, Anodized and Bright Dip Finishes, Unworked, Alloys 6063 & 6463 - Size: CCD: 0.6" to 3", Weight: 0.1 lb/ft to 1 lb/ft.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-7

Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product 5¹ and margins of underselling/(overselling), by quarters, 2008-10

Period	United States	
	Price (per pound)	Quantity (pounds)
2008:		
Jan.-Mar.	\$6.00	2,950,362
Apr.-June	***	***
July-Sept.	***	***
Oct.-Dec.	***	***
2009:		
Jan.-Mar.	***	***
Apr.-June	***	***
July-Sept.	***	***
Oct.-Dec.	***	***
2010:		
Jan.-Mar.	***	***
Apr.-June	***	***
July-Sept.	***	***
Oct.-Dec.	***	***

¹ Product 5: Shower door and enclosure extrusions of alloys 6063 and 6463, with T-5 and T-6 temper, having unique solid and semi-hollow shapes extruded from proprietary dies with small cross-section diameters from .5" to 3", thin walls ranging from .040-.06" with thickness tolerances to within .004", cut tolerances to within 1/32", and requiring high quality "jewelry-grade" surface finishes free of blemishes. The finish requirements for the finished aluminum extrusion include custom-colored anodizing or painting, chemical etching, mechanical and/or chemical polishing to create "bright dip" finish, and mechanical brushing to create various "brushed" or "etched" appearances.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-8

Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product 6¹ and margins of underselling/(overselling), by quarters, 2008-10

Period	United States		China		
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)
2008:					
Jan.-Mar.	\$1.76	1,473,025	\$***	***	***
Apr.-June	1.98	1,020,271	***	***	***
July-Sept.	1.97	1,154,024	***	***	***
Oct.-Dec.	1.74	896,447	***	***	***
2009:					
Jan.-Mar.	1.38	2,468,854	***	***	***
Apr.-June	1.36	2,647,673	***	***	***
July-Sept.	1.43	2,409,836	***	***	***
Oct.-Dec.	1.56	2,095,705	***	***	***
2010:					
Jan.-Mar.	1.68	2,579,883	***	***	***
Apr.-June	1.70	3,148,832	***	***	***
July-Sept.	1.65	2,912,679	***	***	***
Oct.-Dec.	1.79	2,465,437	***	***	***

¹ Product 6: Pipe, Mill Finish, Unworked, Alloy 6061 - Size: 1" to 5" Schedule 40 @ 0.5 lb/ft to 5 lb/ft.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-9

Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product 7¹ and margins of underselling/(overselling), by quarters, 2008-10

Period	United States		China		
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)
2008:					
Jan.-Mar.	\$***	***	--	0	--
Apr.-June	***	***	--	0	--
July-Sept.	***	***	--	0	--
Oct.-Dec.	***	***	--	0	--
2009:					
Jan.-Mar.	***	***	--	0	--
Apr.-June	--	0	--	0	--
July-Sept.	***	***	\$***	***	***
Oct.-Dec.	--	0	***	***	--
2010:					
Jan.-Mar.	--	0	***	***	--
Apr.-June	--	0	***	***	--
July-Sept.	--	0	***	***	--
Oct.-Dec.	--	0	***	***	--

¹ Product 7: Heat Sink, 6063 T6 aluminum with an overall width of 18.624 +/- .160 inches wide, 1.75 +/- .06 inches thick by 18.260 +/- .005 inches long with 41 fins. Surface finish of black anodized on denoted surfaces with rest of surfaces free and clear of any finish. Overall flatness of .001 in/in is required with a 32 surface finish. 20 tapped 6-32 holes, 10.125 x.3 holes, and 72 4-40 tapped holes in specified locations without any break through allowed.

Source: Compiled from data submitted in response to Commission questionnaires.

Figure V-2
Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product, by quarters, 2008-10

* * * * *

Table V-10
Aluminum extrusions: Summary of weighted-average f.o.b. prices for products 1-7 from the United States and China

Item	Number of quarters	Low price (per pound)	High price (per pound)	Change in price ¹ (percent)
Product 1				
United States	12	1.91	2.43	0.6
China	12	***	***	***
Product 2				
United States	12	1.92	2.34	(4.7)
China	12	***	***	***
Product 3				
United States	12	***	***	***
China	12	***	***	***
Product 4				
United States	12	***	***	***
China	10	***	***	***
Product 5				
United States	12	***	***	***
Product 6				
United States	12	1.36	1.98	1.2
China	12	***	***	***
Product 7				
United States	6	***	***	***
China	6	***	***	***
¹ Percentage change from the first quarter in which price data were available to the last quarter in which price data were available, based on unrounded data.				
Source: Compiled from data submitted in response to Commission questionnaires.				

Price Comparisons

As can be seen table V-11, prices for aluminum extrusions imported from China were below those for U.S.-produced aluminum extrusions in 43 of 59 instances; margins of underselling ranged from 1.6 to 66.1 percent. In the remaining 16 instances, prices for aluminum extrusions imported from China were above those for U.S.-produced aluminum extrusions; margins of overselling ranged from 2.6 to 87.0 percent.¹¹

¹¹ Two importers (***) reported price data for nonsubject country Canada for products 1 and 3. In comparing nonsubject country pricing data with U.S. producer pricing data, prices for product imported from nonsubject countries were higher in all 17 instances. In comparing nonsubject country pricing data with subject country pricing (continued...)

Table V-11
Aluminum extrusions: Instances of underselling/overselling and the range and average of margins, 2008-10

Source	Underselling			Overselling		
	Number of instances	Range (percent)	Average margin (percent)	Number of instances	Range (percent)	Average margin (percent)
China	43	1.6 to 66.1	24.0	16	2.6 to 87.0	30.6
Source: Compiled from data submitted in response to Commission questionnaires.						

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of aluminum extrusions to report any instances of lost sales or revenues they experienced due to competition from imports of aluminum extrusions from China since January 2007. Petitioners provided allegations of both lost sales and revenues in the petition and other U.S. producers provided allegations in their questionnaire responses. Of the 46 responding U.S. producers, 15 reported that they had to either reduce or roll back prices, and nine of 45 responding purchasers reported that they had to roll back announced price increases. Nineteen of 43 producers indicated that they had lost sales of aluminum extrusions to imports from China. The 114 lost sales allegations made by producers totaled \$130 million and involved more than 60 million pounds of aluminum extrusions and the 24 lost revenue allegations totaled \$15 million and involved 26 million pounds of aluminum extrusions.¹² Staff attempted to contact all of these purchasers, and a summary of the information obtained follows (tables V-12 and V-13).

Table V-12
Aluminum extrusions: U.S. producers' lost sales allegations

* * * * *

Table V-12
Aluminum extrusions: U.S. producers' lost revenue allegations

* * * * *

Ten of 26 responding purchasers named in lost sales and lost revenue allegations indicated that they switched purchases of aluminum extrusions from U.S. producers to suppliers of aluminum extrusions from China since January 2007. Four of these ten purchasers indicated that price was the reason for the shift. Of the five purchasers that indicated that price was not the reason for the shift, three purchasers (***) cited better quality, two cited better processing abilities, two cited better service, one cited the ability to produce lighter product, one cited much tighter tolerances, and one purchaser (***) indicated that it had closed its manufacturing facility that was using aluminum extrusions. *** reported it purchases only one type aluminum extrusion outside the United States primarily due to quality requirements. Purchaser *** responded "yes/no" and indicated that both price and developing a supplier in China that

¹¹ (...continued)
data, prices for product imported from Canada were higher than prices for product imported from China in all 17 instances. Price and quantity data for Canada are presented in tables V-3 and V-5 and shown in figure V-2 with U.S. and subject sources.

¹² In addition, petitioners and U.S. producers provided lost sales and lost revenue allegations without enough contact information for staff to verify the allegations.

was already supplying local markets, and developing a multiple sourcing strategy were the reasons for the switch. Five of 19 responding purchasers (***) named in lost sales and lost revenue allegations indicated that U.S. producers reduced their prices of aluminum extrusions in order to compete with prices of aluminum extrusions from China since January 2007.

*** agreed with the lost sales allegation made involving his company. However, he noted that “this is clearly a stacked deck” since he sources aluminum from China although not at the low price indicated in the allegation. He indicated that the Chinese product is higher quality than the American or Mexican product and that Chinese suppliers are more often able to supply the quantity needed. *** indicated that U.S. companies are not able to provide capacity like the Chinese suppliers can.

*** disagreed with the two lost sales allegations made involving his company. He indicated that regarding the quote of ***, his company did not request a quote from this supplier ***. *** his firm moved the bulk of its business from this supplier to *** in saving *** percent on price for other finishes. He indicated that ***. *** noted that this finish makes up about *** percent of their purchases. He also said that the domestic supplier making the allegation was *** resulting in unacceptable lead times for delivery of product. *** indicated that *** has ***. He noted that when queried by a representative from *** about what it would take to get his company back as a customer, he indicated they were not close in price and gave them *** examples. *** said that these comparisons are not apples to apples as the LME was in a very unsettled state and that these were numbers supplied to *** to show that they were not a viable source and that requested quotes in 2010 indicate that *** remains about *** percent higher than all other domestic suppliers.

Regarding the lost sales allegation dated *** indicated that his company’s U.S. supplier ***.

*** of *** disagreed with the *** lost sales allegations and the lost revenue allegation involving his company. He indicated that his company purchased no aluminum extrusions from China in 2008, the year cited in the allegation. *** also reported that since 2007 his firm had not switched purchases from U.S. producers to suppliers of certain aluminum extrusions from China. However, he did note that in 2009 his company dropped a domestic source due to ***. *** also indicated that he did not know of any price changes by U.S. producers since 2007 due to imports from China.

*** of *** disagreed with the lost sales allegation made against his company indicating that the purchase did not occur. He also indicated that since 2007 his firm had not switched purchases from U.S. producers to suppliers of certain aluminum extrusions from China and that U.S. producers had not reduced their prices in order to compete with prices of imports from China.

*** of *** agreed with the lost sales allegation made by Hydro for *** tons of aluminum extrusions for ***. For this lost sales allegation, Hydro indicates that it put together a very competitive bid for a large volume of extrusions for a fencing supplier within three hours of one of its plants. It indicates that the Chinese underbid it by 25 percent, and that it lost over \$10 million in sales.¹³

*** of *** disagreed with the lost sales allegation involving his company. He indicates that the U.S. suppliers ***, *** rejected these offers and ***.

*** of *** disagreed with the two lost sales allegations involving his company. He indicated that his company never requested quotes and did not purchase the alleged quantities (***) in the alleged year of the allegation (2009).

*** of *** disagreed with the lost sales allegation involving his company. He indicated that in 2007, its purchases of *** from *** (the U.S. producer that made the allegation) were *** tons less than in 2006 due primarily to an effort to reduce inventory. Mr. *** stated that in 2005 and 2006, ***

¹³ Petitioners’ prehearing brief, p. 45. Conference transcript, pp. 32–33 (Brown).

***. He also indicated that *** increased its purchases of *** imported from China. *** noted that this was not due to the price of aluminum extrusions, but ***. He also said that a shift in demand from ***.¹⁴

*** of *** neither agreed or disagreed with the lost sales allegation involving his firm. He indicated the parts named in the allegation (***) have been made for his firm in China since 2005 by ***, but that his company requested a competitive bid from U.S. producer *** based on its good performance as a supplier, and in recognition that it had added new capabilities which might allow it to offer acceptable prices, taking into account transportation costs. *** noted that the U.S. producer's quoted prices were nearly *** times higher than those of its supplier in China, who has a good record of making high quality parts which meet its specifications. He also indicated that the actual quantity was much lower than the alleged quantity (***) and that the value was also similarly considerably smaller than the numbers stated.

*** indicated that purchases of other machined parts made from aluminum extrusions have been shifted from U.S. producers and machine shops to suppliers in China who have the capability to extrude, machine, finish, assemble, and package the complete assemblies for him. He noted that the quantities purchased from China are very small, with an estimated annual usage of less than ***. *** indicated that Chinese suppliers have gained his business by offering faster delivery times, consistent and very high quality, and by providing all the processing steps required. He indicated that most of the firm's U.S. suppliers have, so far, been unwilling or unable to provide the same levels of quality, price, and service.

*** of *** disagreed with the *** lost sales allegation and the lost revenue allegation involving his company. He indicated that purchases of product imported from China *** from \$*** in 2007 (compared to the \$*** alleged import quote) to \$*** in 2008 (compared to the \$*** alleged import quote), and then *** to \$*** in 2009. *** indicated that in 2010, his company purchased *** pounds of aluminum extrusions from China, compared to *** pounds from U.S. producers and *** pounds from *** producers. He indicated that he bases his purchasing decisions on the total cost of ownership, including freight, and inventory carrying costs which tend to make China less competitive. He indicated that his company switched some of its purchasing volume to China for several reasons including competitive pricing, using multiple sources, developing a supplier in China that is currently a supplier for the company from other Asian countries, and ***. *** indicated that his company received only one price reduction from their domestic supplier since January 1, 2007 and that it was a *** percent price reduction that came into effect in March 2010.

*** of *** disagreed with the *** lost sales allegations made involving his company. He indicated that the products in question were never imported from China, but that *** uses the products for manufacturing in China. *** noted that the "lost" sale was "mostly" due to quality issues and the supplier's inability to meet the company's specifications. He also indicated this U.S. supplier recently *** and that his company declined because the supplier again could not guarantee that it could meet the *** specification. *** also noted that the correct price per unit for these products provided to *** by its U.S. supplier was approximately \$*** per unit. He also indicated that since 2007 his firm had not switched purchases from U.S. producers to suppliers of certain aluminum extrusions from China and that U.S. producers had not reduced their prices in order to compete with prices of certain aluminum extrusions imported from China.

*** somewhat agreed with the lost sales allegation made involving his company. He indicated that the purchase was for ***. *** indicated that most of his savings came from ***. Although he is not able to differentiate between savings from ***, he estimated that the accepted quote was *** compared to the alleged rejected quote for the U.S. product of ***.

*** of *** disagreed with lost sales and revenue allegation involving his company. He indicated that his company purchases aluminum products that are *** from China and that the total weight of finished product it used in 2010 from China was around *** pounds.

¹⁴ ***.

*** of *** agreed with one of the *** lost sales allegations made involving his company, and disagreed with the rest of the allegations. *** agreed with the 2009 allegation involving *** tons of *** for \$*** and indicated the accepted quote for the Chinese product was \$***. He indicated that his firm purchased from domestic sources for the remainder of the quotes; making ***.

*** of *** disagreed with the lost sales allegation involving his company. He indicated that he has never seen pricing as low as the alleged import quote of \$*** per pound. He indicated that some of the aluminum extrusions his company purchasers are imported from China because of a special packing requirement rather than metal pricing. In its purchaser questionnaire response, *** indicated that it purchased about \$*** thousand worth of aluminum extrusions imported from China in 2010 (about one-fourth of the alleged lost sales). These represented *** percent of the aluminum extrusions it purchased in 2010 (the year of the allegation) and the rest of its purchases were produced in the United States. It also reported its purchases for U.S. produced aluminum extrusions increased by about *** percent in 2010, while its purchases of aluminum extrusions imported from China decreased by about *** percent.

*** of *** agreed with the lost sales allegations involving their firm. However, they indicated that the dollar amount of the allegation is wrong and that in 2009 their company purchased \$*** of aluminum extrusions for solar racking from China because of lower prices.

*** of *** disagreed with the lost sales allegation involving his company. He reported that the supplier ***.

*** of *** disagreed with the lost sales and lost revenue allegation involving his company. He indicated that his company did not request any contracts with U.S. producers in 2010 and only ordered on a month to month basis from them. *** noted that this was because of issues with the *** during 2009 with U.S. producer ***. He also reported that his company's purchases of imports from China were less from 2007 to 2009 than in 2006 and that they have not specifically discussed with any U.S. producers a price reduction to compete with Chinese producers.

*** of *** disagreed with two lost sales and two lost revenue allegations during 2007 and 2008 indicating that his company had no information which supported the allegations. *** of *** disagreed with one lost sales and two lost revenue allegation during 2010. He indicated that his company did not receive any quotes for U.S.-produced for freezers merchandise during this time. ***.

*** of *** disagreed with *** lost sales allegations and *** lost revenue allegation involving his company. Regarding the lost revenue allegation, he indicated that the supplier in question reduced its pricing in an attempt to ***. *** notes that this supplier was not competing with product sourced from China, and that was never implied during the negotiation process. Regarding the \$*** lost sales allegation, *** indicated that one supplier did submit a quote in 2010 for a portion of the aluminum extrusions sourced domestically and that the same supplier requested the opportunity to quote on the product sourced from overseas after the bid process had already been closed for that portion of the business. He indicated that the supplier never submitted a quote to replace the company's aluminum extrusions sourced in China. *** indicated that in *** which was driven by a frustration with some domestic suppliers who could not meet predefined standards for quality, process capability, and service. He indicated that in *** companies from China and *** from *** were selected as suppliers because they demonstrated superior process capability, and a greater attention to quality and service. *** indicated that, for example, the Chinese suppliers were willing to work within much tighter tolerances on critical dimensions, and their track record for quality has been superior to similar domestic suppliers. He indicated that ***. *** indicates that *** continues to purchase product from China. A significant portion of his company's purchases of aluminum extrusion, however are sourced from domestic suppliers. Regarding the \$*** lost sales allegation, he indicated that although Chinese suppliers received a large portion of the orders due to lower prices, the Chinese suppliers would have received a larger portion of the orders even if prices were equal because they have proven to be superior in quality and delivery performance.

*** of *** disagreed with the lost sales allegation involving his company. He indicated that an RFQ had been sent to *** and ***, and that *** had been rewarded with the bid.

*** of *** agreed with *** of the lost sales allegations made involving his company and indicated that he did not have any records regarding the remaining *** allegations. He indicated that the accepted prices for imports of Chinese produced aluminum extrusions for the *** allegations he agreed with were *** percent less than the rejected prices for U.S. product.

*** of *** disagreed with the lost sales allegation made involving their company. They indicated they were forced to import due to diminished capacities and poor business practices of their current supplier (***). They added that in order to continue purchasing domestic product, they would have had to pay ***.” *** note that other suppliers required very large minimum purchases per part, making it difficult to control their inventories and manage their competitive margins. They also indicated that pound for pound, the mill finish price was not that different. *** noted that in 2005, their current domestic supplier ***. *** indicated that they then added a second source from China.

*** of *** disagreed with the lost sales allegation involving his company. He indicated that his company paid a higher average price to Chinese suppliers than U.S. suppliers in 2007 (the year of the allegation). *** noted that his company paid an average of \$*** per pound to U.S. suppliers and \$*** per pound to Chinese suppliers compared to the alleged rejected U.S. price of \$*** per pound and the alleged accepted Chinese import price of \$*** per pound. He also indicated that ***’s purchases of imports from China have decreased from *** percent of all purchases in 2007 to *** percent in 2009.

*** of *** disagreed with one lost sales allegation and agreed with another made involving his company. He indicated that the product mentioned in the allegation that he agreed with refers to ***. *** indicates that the U.S.-produced components were not cost competitive with ***. He noted that in ***, his company requested price quotations from two suppliers, Chinese supplier *** and U.S. supplier ***, both of which were cost prohibitive and they therefore elected to ***. *** indicated that in *** his company requested a price quotation from another supplier, ***, and concluded that it could realize a cost savings compared to ***. He noted that had his company not received the favorable quote from ***, it would not have purchased the components from any domestic supplier but ***.

*** of *** agreed with the lost sales allegation made involving his company, indicating his firm received the alleged quote for U.S. produced product, but decided to maintain the level of its purchases of product imported from China.¹⁵ However, he indicated that since 2007 his firm had not switched purchases from U.S. producers to suppliers of certain aluminum extrusions from China and that U.S. producers had not reduced their prices in order to compete with prices of certain aluminum extrusions imported from China.

*** of *** disagreed with the lost sales allegation made involving his company. He indicated that the pricing is not correct and that his company did not have a U.S. firm quote this quantity of material. *** indicated that *** purchased its *** from importer ***. He indicated his company paid *** for some of the material and that they were given an *** for some material. *** also indicated that since 2007 his firm has switched purchases from U.S. producers to suppliers of certain aluminum extrusions from China because of quality problems and because the U.S. producer was ***. *** specifically indicated that the U.S. producer was not able or willing to supply *** in the quantities needed.

*** of *** disagreed with the lost sales allegation made involving his company. He indicated that a review of his company’s purchasing and quoting activity did not reveal any transactions similar to the alleged transaction, although he did find a quote in *** that he believes could be related to the alleged quote. He noted that the quantity should be *** instead of ***. *** notes that in *** his company requested quotes from two domestic and import vendors. He indicated that his primary domestic supplier provided a quote of \$*** per pound, his primary import vendor provided a quote of \$*** per pound, and a secondary domestic extruder provided a quote of \$*** per pound. *** reported that his company intends to purchase from the primary domestic extruder. He also noted that historically import suppliers have the willingness and apparently the capability to extrude aluminum profiles that are *** percent

¹⁵ Staff telephone interview with ***, April 13, 2010.

thinner than that of U.S. extruders, allowing for a significant weight reduction and cost savings. *** also reported that there has been a “minimum shift” in his company’s purchases since 2007. He indicated that in some cases pricing was the reason for the shift, but that the major reason for shift was service issues relating to a *** U.S. extruder.

*** of *** disagreed with the lost sales allegation involving his company. He indicated that his company ***. *** indicated that extrusion production and associated costs and competitive pricing of the aluminum product had nothing to do with his company’s purchasing decision. However, he noted that since 2007 his firm has switched purchases from U.S. producers to suppliers of certain aluminum extrusions from China because his company ***.

*** of *** neither agreed nor disagreed with the lost revenue allegation involving his company. He indicated that a competitive quoting exercise was undertaken involving a number of U.S. producers and suppliers of Chinese imports of aluminum extrusions and that the Chinese suppliers offered a *** percent savings over the lowest priced U.S. producer. However, *** notes that this level of savings was considered inadequate and that the business was retained by U.S. producers. He also responded that U.S. producers have not reduced their prices to compete with prices of certain aluminum extrusions imported from China since 2007.

*** of *** disagreed with the *** lost sales allegations made involving his company. He indicated that the product description is not accurate and fails to take into consideration the costs to machine and process aluminum extrusion into ***. *** further indicated that his company did not purchase aluminum extrusions, ***.

*** of *** disagreed with the lost revenue allegation involving his company. He indicated that his company does not purchase imported aluminum extrusions that are subject to this investigation. *** purchaser questionnaire response reports that it is required to make all of its purchases for aluminum extrusions from domestic sources because it needs a local source of supply that will provide the company with the shortest lead time. *** also responded that it only has actual marketing/pricing knowledge of aluminum extrusions produced in the United States and that due to delivery, terms, and quantities needed, foreign purchases are not consistent with its current business model.

*** of *** disagreed with the two lost sales allegations involving his firm. He indicated that his current business phased out in the United States and that ***.

*** of *** agreed with the lost sales allegation involving his firm. *** indicated that since 2007 *** firm has not switched purchases from U.S. producers to suppliers aluminum extrusions imported from China, but that U.S. producers had lowered their prices since 2007 in order to compete with prices of imports from China.

*** of *** disagreed with two lost sales allegation involving his firm. He indicated that the referenced quote for the *** allegation was rejected because the U.S. supplier could not manufacture the product with the specific type of finish required. *** noted that the product must have ***. He indicated that since *** was unable to locate any U.S. producer that could manufacture the product with the desired finish, his company located a foreign manufacturer with the required capability. *** noted that his company purchases only one type of aluminum extrusion that is manufactured outside the United States and is not aware of any price reduction by U.S. producers in order to compete with price of aluminum extrusions imported from China. He indicated that material in the *** allegation was primarily purchased from China as a result of higher quality requirements.

*** of *** agreed with the lost sales allegation involving his company, although he indicated that the pounds and quote values are incorrect. He indicated that his company has found the Chinese product to be cheaper than the U.S. produced product, although his company has purchased U.S. produced aluminum extrusions for the plant that he works in.

*** of *** disagreed with the lost sales allegation made involving his company. He indicated that the quote did not meet his company’s specifications of ***. He also indicated that since 2007 his firm had not switched purchases from U.S. producers to suppliers of certain aluminum extrusions from China, but that U.S. producers had reduced their prices in order to compete with prices of certain

aluminum extrusions imported from China. He indicated that a supplier had reduced his pricing, but could not meet the ***.

*** of *** was identified by *** as the contact regarding this lost revenue allegation that is dated July/August 2007. Mr. *** responded that he does not know whether the lost revenue allegation is true.¹⁶ He indicates the ***. ***'s response to the purchaser questionnaire indicates that almost all of their purchases of aluminum extrusions between 2008 and 2010 were produced in the in United States, with some purchases of aluminum extrusions produced in *** in 2010. They reported no purchases of aluminum extrusions produced in China between 2008 and 2010.

*** of *** disagreed with the lost sales allegation involving his firm. He indicated that his company obtained one bid from a domestic supplier for \$***/lb. and a second lower bid, from China through a US company, for \$***/lb. *** noted that *** considers price as only one element in supplier selection, with other elements including capability, reliability, and quality. He indicated that on the basis of all factors, *** chose the China-source product. However, he said that the cost difference was not as large as stated in the allegation ***.

*** of *** disagreed with the lost sales allegation involving his company. He indicated that the part was never manufactured in China.

*** of *** was not able to comment on the lost sales allegation made involving his company.

*** of *** indicated that his company has no record of the lost sales allegation involving his firm. He indicated the alleged rejected quote of \$*** per pound was much higher than the quotes that it received from other U.S. and Chinese producers at that time (May and June 2010), which were typically less than \$*** per pound. *** also noted that U.S. producers have typically quoted ***.

¹⁶ Email correspondence with *** of ***, February 8, 2011.

PART VI: FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

BACKGROUND

46 producers reported usable financial results on their aluminum extrusion operations. The financial results reported by the majority of companies were based on U.S. generally accepted accounting principles (“GAAP”) and reflect calendar-year periods.¹ While the overall aluminum extrusions revenue reported to the Commission primarily reflects commercial sales (U.S. commercial shipments and exports), it also includes internal consumption, transfers, and tolling.² Staff verified Sapa’s U.S. producer questionnaire response on March 24-25, 2011. Changes pursuant to verification are reflected in this and other relevant sections of the Staff Report.

Sapa is the largest U.S. producer and accounts for *** percent of the period’s cumulative sales volume (measured by quantity). The share of cumulative sales volume accounted for by the next five largest U.S. producers ranges from *** percent to *** percent.³ The remaining 40 U.S. producers that reported usable financial results to the Commission account for shares ranging from *** percent of cumulative sales volume.

OPERATIONS ON ALUMINUM EXTRUSIONS

Income-and-loss data for U.S. producers’ operations on aluminum extrusions are presented in table VI-1 and on an average unit basis in table VI-2.⁴ A variance analysis of overall aluminum extrusions financial results is presented in table VI-3. Selected financial information on a company-specific basis is presented in appendix G of this report.⁵

Revenue

As noted in part V of this report, the sales price of aluminum extrusions generally includes a commodity component which reflects the passthrough of the underlying cost of aluminum to the

¹ ***.

As described in part III of this report, ***. USITC auditor final-phase notes (prehearing). USITC auditor final-phase notes (posthearing).

² ***. USITC auditor final-phase notes (prehearing). ***. Letter from King & Spalding on behalf of *** to USITC auditor, February 22, 2011. ***. USITC auditor preliminary-phase notes.

³ ***.

⁴ Financial results specific to finished heat sinks are presented in appendix E and reflect the usable finished heat sink financial results reported by the following companies: ***. USITC auditor final-phase notes (posthearing).

⁵ The Commission’s variance analysis is calculated in three parts: sales variance, cost of goods sold (“COGS”) variance, and sales, general and administrative (“SG&A”) expenses variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A variances) and a volume variance. The sales or cost variance is calculated as the change in unit price/cost times the new volume, while the volume variance is calculated as the change in volume times the old unit price/cost. Summarized at the bottom of the respective tables, the price variance is from sales, the cost/expense variance is the sum of those items from COGS and SG&A, respectively, and the net volume variance is the sum of the price, COGS, and SG&A volume variances. All things being equal, a stable overall product mix generally enhances the utility of the Commission’s variance analysis.

Table VI-1
Aluminum Extrusions: Results of operations, 2008-10

Item	Calendar year		
	2008	2009	2010
Quantity (short tons)			
Total net sales quantity	1,134,788	824,773	955,696
Value (\$1,000)			
Total net sales value	5,120,666	2,955,826	3,726,451
Cost of goods sold:			
Raw materials	3,332,988	1,652,078	2,232,035
Direct labor	484,014	367,718	399,035
Other factory costs	1,017,596	737,660	743,123
Total cost of goods sold	4,834,598	2,757,455	3,374,194
Gross profit	286,068	198,371	352,257
Selling expenses	115,899	95,144	84,975
General and administrative expenses	202,289	182,028	187,432
Total SG&A expenses	318,188	277,172	272,407
Operating income or (loss)	(32,121)	(78,801)	79,851
Interest expense	31,349	33,503	26,513
Other expenses	71,605	58,999	21,654
Other income items	8,026	5,254	4,730
Net income or (loss)	(127,049)	(166,049)	36,414
Depreciation and significant non-cash charges	152,948	124,556	88,599
Estimated cash flow from operations	25,900	(41,493)	125,013

Table continued on next page.

Table VI-1--Continued
Aluminum Extrusions: Results of operations, 2008-10

Item	Calendar year		
	2008	2009	2010
Ratio to net sales (percent)			
Raw materials	65.1	55.9	59.9
Direct labor	9.5	12.4	10.7
Other factory costs	19.9	25.0	19.9
Cost of goods sold	94.4	93.3	90.5
Gross profit	5.6	6.7	9.5
SG&A expenses	6.2	9.4	7.3
Operating income or (loss)	(0.6)	(2.7)	2.1
Net income or (loss)	(2.5)	(5.6)	1.0
Number of companies reporting			
Operating losses	13	24	13
Data	45	46	46
Source: Compiled from data submitted in response to Commission questionnaires.			

Table VI-2
Aluminum Extrusions: Results of operations (per short ton), 2008-10

Item	Calendar year		
	2008	2009	2010
Unit value (dollars per short ton)			
Total net sales	4,512	3,584	3,899
Cost of goods sold:			
Raw materials	2,937	2,003	2,336
Direct labor	427	446	418
Other factory costs	897	894	778
Total cost of goods sold	4,260	3,343	3,531
Gross profit	252	241	369
SG&A expenses	280	336	285
Operating income or (loss)	(28)	(96)	84
Source: Compiled from data submitted in response to Commission questionnaires.			

Table VI-3
Aluminum Extrusions: Variance analysis of financial results, 2008-10

Item	Calendar year		
	2008-10	2008-09	2009-10
Value (\$1,000)			
Total net sales:			
Price variance	(586,070)	(765,915)	301,424
Volume variance	(808,144)	(1,398,924)	469,201
Total net sales variance	(1,394,215)	(2,164,839)	770,625
COGS:			
Raw materials:			
Cost variance	574,940	770,365	(317,711)
Volume variance	526,013	910,545	(262,247)
Net raw materials variance	1,100,953	1,680,910	(579,958)
Direct labor:			
Cost variance	8,591	(15,933)	27,053
Volume variance	76,387	132,229	(58,371)
Net direct labor variance	84,978	116,296	(31,317)
Other factory costs:			
Cost variance	113,876	1,938	111,631
Volume variance	160,597	277,999	(117,094)
Net other factory cost variance	274,473	279,937	(5,464)
Net COGS:			
Cost variance	697,407	756,369	(179,027)
Volume variance	762,997	1,320,773	(437,712)
Total net COGS variance	1,460,404	2,077,142	(616,738)
Gross profit variance	66,189	(87,697)	153,886
SG&A expenses:			
Expense variance	(4,435)	(45,910)	48,762
Volume variance	50,217	86,927	(43,998)
Total SG&A variance	45,782	41,017	4,765
Operating income variance	111,971	(46,680)	158,651
Summarized as:			
Price variance	(586,070)	(765,915)	301,424
Net cost/expense variance	692,972	710,460	(130,264)
Net volume variance	5,069	8,775	(12,509)

Source: Compiled from data submitted in response to Commission questionnaires.

customer. Direct follow-up with U.S. producers confirmed that this is a common industry practice and that the commodity component is generally based on the average of a published index.⁶ The aluminum component is also secured pursuant to fixed price contracts in which a specific aluminum extrusion sales volume is agreed to and for which a specific per pound aluminum cost is established. With respect to fixed price contracts, Bonnell's parent company describes the mechanism for securing the cost of the aluminum component as representing a combination of forward purchase commitments and futures contracts. Similarly, Kaiser indicates that fixed price contracts require a "back-to-back hedge."⁷ Consistent with the industry's more or less standardized passthrough of aluminum costs, the overall average estimated metal margin (i.e., the spread between average sales price and, in this case, average raw material cost) was relatively stable during the period examined: \$1,575 per short ton in 2008, \$1,581 per short ton in 2009, and \$1,563 per short ton in 2010.

As shown in the revenue section of the table VI-3 variance analysis, the notable decline in total revenue in 2009 compared to 2008 was due to negative volume and price variances. Notwithstanding changes in product mix, the lower average per short ton sales value in 2009 primarily reflects a corresponding decline in average raw material costs. In 2010, the subsequent increases in total revenue was due to a combination of positive price and volume variances; the increase in average sales value in 2010 corresponding with higher average raw material costs in that year (see table VI-2). The company-specific financial results presented in appendix G shows that, while there were some exceptions, most U.S. producers reported the same general pattern of period-to-period change with respect to total sales volume, total revenue, average sales value, and average raw material cost.⁸

Operating Costs and Expenses

As noted in a previous section of this report, aluminum is the single most important cost in the production of aluminum extrusions. Depending on the level of integration, the aluminum component of raw material cost can represent finished aluminum billet, aluminum ingot, and/or aluminum scrap; *i.e.*, non-integrated producers purchase billet, while integrated producers generally cast their own billet. As a result, the raw material costs reported by U.S. producers and presented in this section of the report represent a hybrid of primary aluminum, scrap, alloys, and transferred/purchased billet.

On a cumulative basis total raw material costs represented 65.8 percent of total COGS during the period examined; ranging from a high of 68.9 percent of total COGS in 2008 to a low of 59.9 percent of total COGS in 2009. As shown in appendix G and with only a few exceptions, U.S. producers generally reported the same pattern of lower average raw material costs in 2009 compared to 2008 followed by an increase in average raw material costs in 2010.⁹

Total direct labor and other factory costs declined in 2009 and subsequently increased in 2010 which is generally consistent with period-to-period changes in sales volume (see table VI-1). While table VI-2 shows that average per short ton direct labor and other factory costs declined on an overall basis

⁶ ***. March 31, 2010 Kaiser Investor Presentation, p. 35. USITC auditor preliminary-phase notes.

⁷ Tredegar (Bonnell) 2009 10-K, p.32. March 31, 2010 Kaiser Investor Presentation, p. 35.

⁸ As shown in appendix G, ***.

***. E-mail with attachment from Extrusion Technology to USITC auditor, February 15, 2011.

***. E-mail with attachment from Minalex to USITC auditor, February 14, 2011.

⁹ While the cost of aluminum is generally passed through as a separate component of sales value, the balancing of aluminum inventory with actual sales orders is also important. ***. USITC auditor preliminary-phase notes. Similarly, a Hydro company official noted at the Commission's hearing that ". . .when your metal prices crash that rapidly and demand evaporates at the same time, you can be long on inventory and then the price that you're able to charge to your customer is less, and so you have an inventory hit, a loss on your metal inventory. We experienced a little bit of that when it was crashing. When it was going up, we managed our inventories well, we didn't receive much benefit." Hearing transcript, p. 157 (Brown).

during the period examined, between 2008 and 2009 this pattern was not uniform on a company-specific basis; i.e., U.S. producers reported a mix of increases and decreases in average direct labor and other factory costs (see appendix G). In 2010, the company-specific trend was less widespread with most U.S. producers reporting lower average direct labor and other factory costs compared to 2009. This in turn is generally consistent with increased sales volume in 2010 and reported improvements in manufacturing efficiencies.

While several companies included non-recurring charges in their reported COGS, the direct impact of these items on the industry's overall gross profit (loss) or operating income (loss) was generally not substantial.¹⁰ In contrast, the largest non-recurring charges reflected in table VI-1 (***) were both classified as part of "All other expenses" and therefore had a direct and notable impact on 2008 and 2009 net income.¹¹

Financial Results

Unlike revenue and average raw material costs, period-to-period changes in company-specific gross profit margins were generally mixed (see appendix G). While patterns varied, the majority of U.S. producers generated gross profit throughout the period, albeit at lower absolute levels in 2009 compared to 2008 followed by increases in absolute gross profit in 2010. ***.¹²

With respect to overall financial results, the industry's operating loss widened in 2009 despite a modest improvement in gross profit margin; i.e., gross profit margin increased, as shown in table VI-1, from 5.6 percent in 2008 to 6.7 percent in 2009. The increase in the 2009 operating loss compared to 2008 was due to the combination of lower revenue in 2009 and a proportionally smaller reduction in SG&A expenses. In 2010, a continued modest improvement in gross profit margin, a relatively large increase in revenue, and a proportionally smaller increase in SG&A expenses combined to generate the industry's only operating income of the period.

U.S. producers described various factors related to poor market conditions, particularly in 2009, which were important in terms of explaining the pattern of reported financial results; e.g., declining sales volume and revenue, reduced absorption of fixed costs, and surplus high cost aluminum inventory.¹³ In addition to the impact of the recession, other U.S. producers also stated that the deterioration of their financial results was exacerbated by or in large part due to lost sales volume and reduced pricing caused by imported Chinese aluminum extrusions.¹⁴ As shown in appendix G, most U.S. producers reported

¹⁰ With respect to larger non-recurring charges included in COGS, ***.

¹¹ ***. E-mail with attachment from *** to USITC auditor, February 16, 2011. ***. E-mail from *** to USITC auditor, February 28, 2011.

According to Bonnell's 2009 10-K, "{b}ased on the severity of the economic downturn and its impact on sales volumes of our aluminum extrusions business (a 36.8% decline in sales volume in the first quarter of 2009 compared with the first quarter of 2008), the resulting first quarter loss, possible future losses and the uncertainty in the amount and timing of an economic recovery, we determined that impairment indicators existed. Upon completing the impairment analysis as of March 31, 2009, a goodwill impairment charge of \$30.6 million, which represents the entire amount of goodwill associated with Aluminum Extrusions, was recorded." Tredegar (Bonnell) 2009 10-K, p. 20.

¹² ***. E-mail with attachment from *** to USITC auditor, February 25, 2011. ***.

¹³ E-mail from *** to USITC auditor, February 11, 2011. E-mail with attachment from *** to USITC auditor, February 14, 2011. E-mail with attachment from *** to USITC auditor, February 14, 2011. E-mail from *** to USITC auditor, February 15, 2011. E-mail with attachment from *** to USITC auditor, February 15, 2011.

In contrast with descriptions that focused primarily on external market conditions, ***. E-mail from *** to USITC auditor, February 16, 2011 .

¹⁴ E-mail from *** to USITC auditor, February 14, 2011. E-mail with attachment from *** to USITC auditor, February 14, 2011. E-mail with attachment from *** to USITC auditor, February 15, 2011. E-mail with attachment (continued...)

lower absolute operating income or increased operating losses in 2009 compared to 2008 followed by some improvement in 2010. Notwithstanding this general pattern, there were also some notable company-specific exceptions.^{15 16 17}

After ***, which generated a cumulative *** for the period, ***, respectively, accounted for the second and third largest company-specific cumulative operating losses: ***, respectively. As shown in appendix G, *** reported operating losses throughout the period of declining magnitude, while *** reported operating losses in 2008 through 2009 followed by an operating profit in 2010.^{18 19}

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, ASSETS, AND RETURN ON INVESTMENT

Data on capital expenditures, research and development (“R&D”) expenses, assets, and return on investment are presented in table VI-4. Appendix G presents this information on a company-specific basis.

***.²⁰

Sapa accounted for *** share of cumulative capital expenditures: *** percent. At the preliminary phase of this investigation, Sapa stated that ***.²¹ Sapa’s capital expenditures in 2010, which reflected an *** compared to 2009 were described by the company as follows: ***.²²

YKK AP America, with the *** of cumulative capital expenditures at ***.²³

Appendix G shows that most U.S. producers reported their largest level of capital expenditures in 2008. In contrast, ***.²⁴ *** accounted for *** percent of overall cumulative capital expenditures.

¹⁴(...continued)

from *** to USITC auditor, February 16, 2011. E-mail with attachment from *** to USITC auditor, February 16, 2011. E-mail with attachment from *** to USITC auditor, February 18, 2011. E-mail with attachments from *** to USITC auditor, February 18, 2011. Letter from King & Spalding on behalf of *** to USITC auditor, February 22, 2011.

¹⁵ In contrast with the industry as a whole, some producers reported consistent and increasing levels of operating income during the period or notable increases in 2009 compared to 2008. ***. E-mail from *** to USITC auditor, April 27, 2010.

***. USITC auditor final phase notes (prehearing).

***. E-mail with attachment from *** to USITC auditor, February 15, 2011.

¹⁶ ***. E-mail with attachment from *** to USITC auditor, February 17, 2011.

Similarly, smaller volume producer ***. E-mail with attachment from *** to USITC auditor, February 14, 2011.

¹⁷ ***. E-mail from *** to USITC auditor, February 14, 2011.

¹⁸ ***. Letter from King & Spalding on behalf of *** to USITC auditor, February 22, 2011.

¹⁹ ***. E-mail with attachment from *** to USITC auditor, February 18, 2011.

²⁰ According to Kaiser, ***. E-mail with attachment from *** to USITC auditor, February 25, 2011. ***.

²¹ E-mail from *** to USITC auditor, May 5, 2010.

²² Letter from King & Spalding on behalf of *** to USITC auditor, February 22, 2011.

²³ USITC auditor preliminary-phase notes. E-mail with attachment from *** to USITC auditor, February 14, 2011.

²⁴ E-mail with attachment from *** to USITC auditor, February 16, 2011.

**Table VI-4
Aluminum Extrusions: Capital expenditures, R&D expenses, assets, and return on investment, 2008-10**

Item	Calendar year		
	2008	2009	2010
	Value (\$1,000)		
Capital expenditures	187,453	111,313	100,812
	Value (\$1,000)		
R&D expenses	12,516	11,523	10,510
	Value (\$1,000)		
Total assets	2,095,435	1,998,675	1,923,437
	Ratio to total assets (percent)¹		
Return on investment	(1.5)	(3.9)	4.2
¹ Return on investment, as presented in this table, is the ratio of annual operating income (loss) to total assets. Source: Compiled from data submitted in response to Commission questionnaires.			

Only a small number of companies reported R&D expenses to the Commission: ***.²⁵ ***.²⁶ The absence of *** generally indicates that the interpretation of what constitutes R&D was not uniform; i.e., in all likelihood, the activities described by *** are common to most, if not all, medium to large-volume aluminum extrusion producers. Companies reporting R&D expenses generally indicated that they are included in SG&A. ***.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of aluminum extrusions from China on their firms' growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments. Responses are presented in appendix H.

²⁵ See USITC auditor final-phase notes (posthearing) regarding the inclusion of ***.

²⁶ E-mail with attachment from *** to USITC auditor, February 16, 2011. As described by ***. E-mail with attachment from *** to USITC auditor, February 14, 2011. According to ***. E-mail from *** to USITC auditor, February 14, 2011 .

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that--

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors¹--

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

¹ Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that “The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition.”

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).²

Information in relation to subsidies in China is presented in Part I; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries and the global market.

THE INDUSTRY IN CHINA

The petition identified 114 potential producers of aluminum extrusions in China. The Commission received questionnaire responses from eight producers or exporters of aluminum extrusions in China. Table VII-1 presents information on the responding Chinese producers and exporters of aluminum extrusions based on questionnaire responses received. Based on their reported exports to the United States, these firms account for approximately six percent of U.S. imports in 2010.³

² Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

³ Table E-3 in appendix E includes data from Chinese firms ***.

Table VII-1
Aluminum extrusions: Data for capacity, production, shipments, and inventories of producers in China, 2008-10 and projected 2011-12

Items	Actual experience			Projections	
	Calendar year				
	2008	2009	2010	2011	2012
Quantity (short tons)					
Capacity	186,686	202,114	210,959	219,558	229,080
Production	152,713	143,641	176,163	188,168	198,420
Purchases	0	0	0	0	0
End-of-period inventories	10,029	11,921	14,627	4,929	6,723
Shipments:					
Internal consumption/ transfers	4,168	4,609	4,665	4,055	4,055
Home market	79,700	81,827	105,585	113,527	120,384
Exports to:					
United States	16,751	12,886	12,882	10,719	11,150
All other markets	48,839	42,416	52,171	60,088	66,830
Total exports	65,590	55,302	65,053	70,807	77,980
Total shipments	149,458	141,739	175,303	188,389	202,419
Ratios and shares (percent)					
Capacity utilization	81.8	71.1	83.5	85.7	86.6
Inventories/production	6.6	8.3	8.3	2.6	3.4
Inventories/shipments	6.7	8.4	8.3	2.6	3.3
Share of total shipments:					
Internal consumption/ transfers	2.8	3.3	2.7	2.2	2.0
Home market	53.3	57.7	60.2	60.3	59.5
Exports to:					
United States	11.2	9.1	7.3	5.7	5.5
All other markets	32.7	29.9	29.8	31.9	33.0
Total exports	43.9	39.0	37.1	37.6	38.5

Source: Compiled from data submitted in response to Commission questionnaires.

In light of the limited responses to the Commission's request for data from Chinese producers in the final phase of these investigations, table VII-2 presents information on 12 Chinese producers and exporters of aluminum extrusions based on questionnaire responses from the preliminary phase of these investigations.⁴

⁴ In a public offering statement, China Zhongwang Holding Limited, the holding company that owns China's largest aluminum extruder reported that the top 10 largest aluminum extruders in China had a reported capacity to produce 2.1 million short tons of aluminum extrusions in 2007 (*see* Petitioners' postconference brief, exh. 3, p. 77). This figure is 4.4 times more capacity than responding Chinese producers reported for 2007. *See* table VII-2.

Table VII-2

Aluminum extrusions: Data for capacity, production, shipments, and inventories of producers in China, 2007-09 and projected 2010-11 (From Preliminary Phase)

Items	Actual experience			Projections	
	Calendar year				
	2007	2008	2009	2010	2011
Quantity (short tons)					
Capacity	497,530	514,867	540,313	545,153	547,153
Production	311,848	372,455	344,700	371,327	395,276
Purchases	1,914	1,673	800	1,000	1,000
End-of-period inventories	16,253	21,703	22,971	23,470	19,974
Shipments:					
Internal consumption/ transfers	5,043	4,049	4,509	4,370	4,370
Home market	182,679	246,025	243,076	265,101	288,409
Exports to:					
United States	43,271	37,667	27,238	27,538	27,605
All other markets	72,754	76,233	64,690	70,210	74,821
Total exports	116,025	113,900	91,928	97,749	102,427
Total shipments	303,747	363,974	339,513	367,220	395,206
Ratios and shares (percent)					
Capacity utilization	62.7	72.3	63.8	68.1	72.2
Inventories/production	5.2	5.8	6.7	6.3	5.1
Inventories/shipments	5.4	6.0	6.8	6.4	5.1
Share of total shipments:					
Internal consumption/ transfers	1.7	1.1	1.3	1.2	1.1
Home market	60.1	67.6	71.6	72.2	73.0
Exports to:					
United States	14.2	10.3	8.0	7.5	7.0
All other markets	24.0	20.9	19.1	19.1	18.9
Total exports	38.2	31.3	27.1	26.6	25.9

Source: Compiled from data submitted in response to Commission questionnaires.

Of the eight responding Chinese firms, two firms are related to U.S. producers and/or importers of aluminum extrusions.⁵ Five firms reported changes in relation to the production of aluminum extrusions since January 1, 2008. Chinese producer *** reported opening a factory in ***. *** reported ***. *** reported opening two plants in 2010. *** reported that during 2008 to 2010, ***. *** indicated the ***.

Chinese producers were asked if they would anticipate any changes in the character of their operations relating to the production of aluminum extrusions in the event orders were imposed. *** indicated that it would ***. ***. *** indicated that ***.

Four firms reported producing other products on the same equipment and machinery used in the production of aluminum extrusions and/or the ability to switch production between aluminum extrusions

⁵ ***. ***.

and other products in response to a relative change in the price of aluminum extrusions vis-a-vis the price of other products. *** reported that its production equipment and production workers are used to produce both ***. *** reported ***. ***. *** reported using the same machinery as well as the ability to switch production between aluminum extrusions and other products in response to a relative change in the price of aluminum extrusions vis-a-vis the price of other products ***.

Export markets identified by Chinese producers of aluminum extrusions included: Australia, the EU, Malaysia, New Zealand, the Philippines, South America, Africa, and Taiwan. Chinese producers/exporters identified Australia and Canada as WTO-member countries in which Chinese exports of aluminum extrusions were subject to antidumping findings.

Chinese aluminum extrusion production is estimated to have reached 8.3 million metric tons in 2009,⁶ while Chinese aluminum extrusion exports reportedly have increased from 74,300 metric tons in 2001 to 701,000 metric tons in 2007.⁷ Indications are that there are as many as 700 aluminum extrusion producers in China.⁸ The Chinese industry, along with the global aluminum extrusion industry, is reported to be fragmented due to the prevalence of small scale extrusion plants and the regional nature of the industry.⁹ Within the Chinese industry, approximately 15 aluminum extrusion product manufacturers are believed to have an annual production capacity of over 100,000 metric tons.¹⁰ Most of the Chinese domestic aluminum extrusion manufacturers reportedly have small-scale operations that produce low-end extrusions based on simple designs.¹¹

China Zhongwang Holding Limited is reported to be the largest aluminum extrusion manufacturer in China and the third largest in the world.¹² The company focuses on light-weight extrusions for the transportation sector. At the end of 2010, Zhongwang's production capacity to produce aluminum extrusions stood at 640,000 metric tons, representing a 6.7 percent growth in capacity compared to the end of 2009 and the company planned capacity expansions into 2011. The company has announced that it intends to expand production capacity to nearly 800,000 metric tons by 2011.¹³ According to Zhongwang, capacity expansion is principally dedicated to industrial aluminum extrusions. Zhongwang reports that about 90 percent of its sales in 2010 were for industrial products with the remaining amount of sales were for construction products. The number of Zhongwang's aluminum extrusion presses also increased to 73 at the end of 2010 from 64 at the end of 2009.¹⁴

The Asia Aluminum Group, one of China's leading producers of aluminum extrusions, opened its "Asia Aluminum Industrial City" in January 2007 in Zhaoqing, China with annual aluminum extrusion capacity of 310,000 metric tons.¹⁵ The Asia Aluminum Group specializes in offering sophisticated

⁶ China's Aluminum Processing Industry Marches During the Economic Downturn, *CNAL*, February 25, 2010, contained in Petitioners' postconference brief, April 26, 2010, at p. 38.

⁷ China Zhongwang Holdings Limited Global Offering, April 24, 2009, p. 78, contained in Petitioners' postconference brief, April 26, 2010, at p. 38.

⁸ Aluminum Industry Faces U.S. "Double Anti" Investigations, Uncertain Future for Enterprises Defenses," *21 Century Business Herald, China Trade Remedy Information Net*, April 14, 2010, p. 1, contained in Petitioners' postconference brief, April 26, 2010, at p. 38.

⁹ China Zhongwang Holdings Limited Global Offering, April 24, 2009, p. 76 contained in Petitioners' postconference brief, April 26, 2010 at p. 40.

¹⁰ China Zhongwang Holdings Limited Global Offering, April 24, 2009, p. 76, contained in Petitioners' postconference brief, April 26, 2010, at p. 38.

¹¹ China Zhongwang Holdings Limited Global Offering, April 24, 2009, p. 76, contained in Petitioners' postconference brief, April 26, 2010, at p. 38.

¹² "China Zhongwang Holdings Limited," contained in Petitioners postconference brief, April, 26, 2010, at p. 40.

¹³ "China Zhongwang Unveils Its Capacity Expansion Plan," February 9, 2010, contained in Petitioners' prehearing brief, March 18, 2011, p. 61.

¹⁴ China Zhongwang Holdings Limited, Annual Report, 2010, pp. 21, 23.

¹⁵ Asia Aluminum Group Press Release, *Ferrier Hodgson*, May 5, 2009, contained in Petitioners' postconference brief, April 26, 2010, p. 43.

extrusion design, engineering, surface finish and fabrication services for domestic and overseas customers in the construction, infrastructure, industrial, home building and improvement, transportation and other sectors.¹⁶

China reportedly has approximately 40 aluminum extrusion projects currently under construction, which are slated to add 4.5 million metric tons of capacity.¹⁷ For example, Xingfa Aluminum Co., Ltd. started construction of a new aluminum extrusion project with an annual capacity of 100,000 metric tons in May 2009 and another aluminum extrusion project with an annual capacity of 100,000 metric tons in September 2009. After completion of the two projects, Xingfa's total annual capacity is expected to reach 350,000 metric tons.¹⁸ An aluminum extruded profile project by Shandong Nanshan Group with an annual capacity of 220,000 metric tons is scheduled to be completed in 2012.¹⁹ Its subsidiary, Shandong Nanshan Aluminum Co., Ltd., reportedly has an annual capacity of 150,000 metric tons with 41 extrusion lines.²⁰ Haomei Aluminum Co. is building an aluminum extrusion project with an annual capacity of 200,000 metric tons to be completed in 3 years.²¹

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-3 presents data on U.S. importers' reported inventories of aluminum extrusions.

Table VII-3
Aluminum extrusions: U.S. importers' inventories, 2008-10

* * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

U.S. importers reported approximately 190 short tons of outstanding orders from China since December 31, 2010.

¹⁶ Asia Aluminum Group Press Release, *Ferrier Hodgson*, May 5, 2009, contained in Petitioners' postconference brief, April 26, 2010, p. 43.

¹⁷ "China's Aluminum Processing Industry Marches During the Economic Downturn," *CNAL*, February 25, 2010, contained in Petitioners' postconference brief, April 26, 2010, at p. 38.

¹⁸ "China's Aluminum Processing Industry Marches During the Economic Downturn," *CNAL*, March 22, 2010, Chinese version available at <http://news.cnal.com/industry/2010/03-26/1269593451168654.shtm>, contained in Petitioners' postconference brief, April 26, 2010, Exhibit 1, p. 2.

¹⁹ "China's Aluminum Processing Industry Marches During the Economic Downturn," *CNAL*, March 22, 2010, Chinese version available at <http://news.cnal.com/industry/2010/03-26/1269593451168654.shtm>, contained in Petitioners' postconference brief, April 26, 2010, Exhibit 1, p. 3.

²⁰ Shandong Nanshan Aluminum Co., Ltd., http://www.tradekey.com/profile_view/uid/4014888/Shandong-Nanshan-Aluminum-Co-Ltd.htm, accessed February 28, 2011, contained in Petitioners' postconference brief, April 26, 2010, Exhibit 38.

²¹ "China's Aluminum Processing Industry Marches During the Economic Downturn," *CNAL*, March 22, 2010, Chinese version available at <http://news.cnal.com/industry/2010/03-26/1269593451168654.shtm>, contained in Petitioner's Post-Conference Hearing Brief, April 26, 2010, exhibit 1, p. 3.

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

On March 17, 2009, the Canadian International Trade Tribunal made affirmative injury determinations in its antidumping and countervailing duty investigations on imports of aluminum extrusions from China and instructed the Canada Border Service Agency (CBSA) to apply its final dumping and subsidy margins on imports of aluminum extrusions into Canada from China.

Table VII-4 presents the final rates of dumping and subsidization of Chinese producers found in the Canadian investigations.²²

Table VII-4
Aluminum extrusions: Dumping and subsidization rates found for select Chinese producers or exporters to Canada, July 2008 to June 2009

Firm	Margin of dumping (percent)	Amount of subsidy (renminbi per kilogram)
Kam Kiu Aluminium Extrusion Co., Ltd.	27.8	3.88
Press Metal International Ltd.	35.2	15.84
Panasia Aluminium (China) Limited	31.4	3.51
Guangdong Weiye Aluminium Factory Co., Ltd.	42.4	3.65
Guangdong Jianmei Aluminum Profile Factory Co., Ltd.	28.5	2.59
China Square Industrial Limited	1.7	2.82
Foshan Guangcheng Aluminum Co., Ltd.	33.8	2.95
Guang Ya Aluminum Industries Co., Ltd.	40.4	3.07
All other exporters	101.0	15.84

Source: *Statement of reasons concerning the making of final determinations with respect to the dumping and subsidizing of aluminum extrusions originating in or exported from the People's Republic of China, Canada Border Services Agency, March 3, 2009, Appendix 1.*

On October 28, 2010, Australia's Customs and Border Production Service completed their dumping and subsidization investigations and found, aluminum extrusions exported from China to Australia were dumped and subsidized. Table VII-5 presents the final rates of dumping and subsidization of Chinese producers found in the Australian investigations.²³

²² In February 2011, the CITT ruled that it will allow bathroom products manufacturer MAAX Bath Inc. to import certain aluminum extrusions from China free of anti-dumping duties. MAAX, which imports aluminum extrusions used in the assembly of shower enclosures, argued that no single Canadian extruder could supply the full range of products it needs. The CITT had originally declined to reassess the duties in 2009; however, after a series of reviews, it reversed its February 2011 decision. "Some aluminum extrusions exempt from Canadian dumping." *AMM*, February 24, 2011.

²³ The Australian investigations cover both soft- and hard-alloy aluminum extrusions. *Australian Customs Dumping Notice No. 2010/40. Certain aluminum extrusions from the People's Republic of China Finding in Relation to a dumping and subsidisation investigation.*

Table VII-5

Aluminum extrusions: Dumping and subsidization rates found for select Chinese producers or exporters to Australia, July 2008 to June 2009

Firm	Margin of dumping (percent)	Margin of subsidy (percent)
Tai Shan City Kam Kiu Aluminum Extrusion Co., Ltd.	3.1	3.8
Zhaoqing New Zhongya Aluminum Co., Ltd.	2.7	7.6
Panasia Aluminium (China) Ltd.	10.1	6.1
Alnan Aluminum Co., Ltd.; Beijing General Research Institute for Non Ferrous Metals; Cosco Aluminum Development; Foshan JMA Aluminum Co., Ltd.; Foshan Guangcheng Aluminum Co., Ltd.; Foshan Nanhai Yongfeng Aluminum Co., Ltd.; Foshan Sanshui Fenglu Aluminum Co., Ltd.; Fujian Longyan Lianfa Aluminum Co., Ltd.; Fujian Minfa Aluminum Co., Ltd.; Fujian Yongchun Chuangheng Aluminum; Fuzhou TCI Corporation Golden Power Co., Ltd.; Guangdong Huachang Aluminum Factory Co., Ltd.; Guangdong Jianmei Aluminum Profile Factory; Guangdong Weiye Aluminum Factory Co., Ltd.; Guangdong Xingfa Aluminum Co., Ltd.; Guang Ya Aluminum Industries Co., Ltd.; Hydro Aluminum (Suzhou) Co., Ltd.; Jiangyin East-China Aluminum Technology Co., Ltd.; Kingle Aluminum Technology Stock Co., Ltd. New Hocha Aluminum Industry Co., Ltd.; Penglai Sangling Locks Co., Ltd.; PMH Aluminum Extrusion Co., Ltd. Press Metal International, Ltd.; Shangdong Nashan Aluminum, Co., Ltd.; Shanghai Unison Aluminum Products; Silver 100 Aluminum Innovation Ltd.; Taishan Golden Gain Aluminum Products, Ltd., Yangjiang Kitsen Construction Hardware Co., Ltd.	6.1	6.4
All other exporters except Tai Ao Aluminum (Taishan) Co., Ltd.	25.7	18.4
<i>Source: Australian Customs Dumping Notice No. 2010/40. Certain aluminum extrusions from the People's Republic of China Finding in Relation to a dumping and subsidisation investigation.</i>		

Table VII-6 presents reported exports of aluminum extrusions from China. Chinese export statistics are directly comparable to U.S. import data because the primary HTS numbers at the 10-digit level used to generate U.S. import statistics are the universe of statistical reporting numbers under the 6 digit headings of 7604.21, 7604.29, and 7608.20 at the harmonized level among countries.

Table VII-6
Aluminum extrusions: Chinese exports, by destination, 2008-10

Destination market	Calendar year		
	2008	2009	2010
	Quantity (short tons)		
United States	57,669	205,052	205,697
Hong Kong	46,456	34,625	37,764
Australia	33,029	34,199	51,157
United Kingdom	21,540	22,842	31,979
Nigeria	19,317	26,588	27,671
Germany	16,347	8,764	26,206
Canada	21,076	3,643	5,599
Malaysia	6,840	6,126	13,318
Subtotal	222,273	341,839	399,392
All other destination markets	196,876	240,799	357,336
Total	419,149	582,638	756,728

Source: Global Trade Atlas www.gtis.com.

As detailed in table VII-6, the Chinese industry sharply cut exports to the Canadian market for aluminum extrusions following the successful antidumping and countervailing duty case brought by Canadian extruders; however, Chinese producers have still been able to supply the Australian market with aluminum extrusions despite the application of preliminary duties due to that country's antidumping and countervailing duty investigations beginning in November 2009.

INFORMATION ON NONSUBJECT SOURCES

In assessing whether the domestic industry is materially injured or threatened with material injury "by reason of subject imports," the legislative history states "that the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including non-subject imports) 'to ensure that it is not attributing injury from other sources to the subject imports.'"²⁴ Part IV presents information of U.S. imports of aluminum extrusions, including major nonsubject sources of imports. According to official Commerce statistics, Canada was the single largest nonsubject source of aluminum extrusions in the U.S. market, accounting for 22.0 percent of total imports in 2010. All other nonsubject sources combined accounted for 14.8 percent of total U.S. imports in 2010.

²⁴ Mittal Steel Point Lisas Ltd. v. United States, Slip Op. 2007-1552 at 17 (Fed. Cir., Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; see also Bratsk Aluminum Smelter v. United States, 444 F.3d 1369 (Fed. Cir. 2006).

Canada

The Canadian International Trade Tribunal (CITT) identified 12 Canadian manufacturers of aluminum extrusions in 2008 and 2009.²⁵ Those producers identified included Almag, Apel, Can Art, Daymond, Extrudex, Kaiser, Indalex (headquartered in the United States),²⁶ Kawneer, Kromet, Metra, Signature, and Spectra. All Canadian domestic producers manufactured aluminum extrusions in both custom shapes and standard shapes, except for Daymond, Kawneer, and Kromet who manufactured custom-shaped aluminum extrusions exclusively. A review of company websites revealed that most firms produced 1000, 3000, and 6000 series alloy extrusions, with most firms concentrating their production within the 6000 series of extrusions.

According to the CITT, Canadian domestic production of aluminum extrusions rose 6 percent to 240,000 short tons in 2006 before declining to 219,000 short tons in 2007. Production during the first 9 months of 2008 declined by 4 percent compared to the same period a year earlier to 161,000 short tons. Also, according to the CITT, Canadian exports of aluminum extrusions rose 8 percent to 105,000 short tons in 2006 before declining 13 percent to 91,000 short tons in 2007. Canadian exports during the first 9 months of 2008 rose to 71,000 short tons, or by 3 percent compared to the same period a year earlier. Canadian domestic producers' export sales accounted for 41 percent of their total production during 2007. Export sales of aluminum extrusions to the United States increased by 22 percent between 2005 and 2007 and by 27 percent when comparing the first 9 months of 2008 with the first 9 months of 2007. A number of U.S. manufacturers of aluminum extrusions, such as Sapa, own extrusion facilities in both the United States and Canada and actively ship product between the two countries based on the extrusion and finishing capabilities of particular plants within each nation.²⁷

²⁵ Aluminum Extrusions, Inquiry No. NQ-2008-003, Canadian International Trade Tribunal (Findings issued March 17, 2009), p. 16.

²⁶ Currently owned by Sapa Extrusions.

²⁷ Aluminum Extrusions-Custom Shapes and Aluminum Extrusions-Standard Shapes, Staff Report, Canadian International Trade Tribunal, p. 2.

APPENDIX A
***FEDERAL REGISTER* NOTICES**

**INTERNATIONAL TRADE
COMMISSION**

[Investigation Nos. 701–TA–475 (Final) and 731–TA–1177 (Final)]

Aluminum Extrusions From China

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of countervailing duty and antidumping investigations.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of countervailing duty investigation No. 701–TA–475 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)) (the Act) and the final phase of antidumping investigation No. 731–TA–1177 (Final) under section 735(b) of the Act (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of subsidized and less-than-fair-value imports from China of aluminum extrusions, primarily provided for in subheadings 7604.21.00, 7604.29.10, 7604.29.30, 7604.29.50, and 7608.20.00 of the Harmonized Tariff Schedule of the United States.¹

For further information concerning the conduct of this phase of the investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

DATES: Effective Date: November 12, 2010.

FOR FURTHER INFORMATION CONTACT:

Edward Petronzio (202–205–3176, edward.petronzio@usitc.gov), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility

¹ The full scope language for these investigations is contained in *Aluminum Extrusions From the People's Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, and Preliminary Determination of Targeted Dumping*, 75 FR 69403, November 12, 2010.

impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—The final phase of these investigations is being scheduled as a result of affirmative preliminary determinations by the Department of Commerce under section 703 of the Act (19 U.S.C. 1671b) that certain benefits which constitute subsidies are being provided to manufacturers, producers, or exporters in China of aluminum extrusions,² and under section 733 of the Act (19 U.S.C. 1673b) that such products are being sold in the United States at less than fair value.³ The investigations were requested in a petition filed on March 31, 2010, by the Aluminum Extrusions Fair Trade Committee (“Committee”) ⁴ and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (“USW”).

Participation in the investigations and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's

² See *Aluminum Extrusions From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 75 FR 54302, September 7, 2010, and *Aluminum Extrusions From the People's Republic of China: Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination*, 75 FR 57441, September 21, 2010.

³ See *Aluminum Extrusions From the People's Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, and Preliminary Determination of Targeted Dumping*, 75 FR 69403, November 12, 2010, and *Aluminum Extrusions From the People's Republic of China: Postponement of Final Determination of Sales at Less Than Fair Value*, 75 FR 73041, November 29, 2010.

⁴ The Committee is comprised of the following members: Aerolite Extrusion Company, Younstown, OH; Alexandria Extrusion Company, Alexandria, MN; Benada Aluminum of Florida, Inc., Medley, FL; William L. Bonnell Company, Inc., Newnan, GA; Frontier Aluminum Corporation, Corona, CA; Futura Industries Corporation, Clearfield, UT; Hydro Aluminum North America, Inc., Linthicum, MD; Kaiser Aluminum Corporation, Foothill Ranch, CA; Profile Extrusion Company, Rome, GA; Sapa Extrusions, Inc., Des Plaines, IL; and Western Extrusions Corporation, Carrollton, TX.

rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigations need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of these investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigations. A party granted access to BPI in the preliminary phase of the investigations need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the final phase of these investigations will be placed in the nonpublic record on Friday, March 11, 2011, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of these investigations beginning at 9:30 a.m. on Tuesday, March 29, 2011, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before Friday, March 25, 2011. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on Monday, March 28, 2011, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions.—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is Friday, March 18, 2011. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is Wednesday, April 6, 2011; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations, including statements of support or opposition to the petition, on or before Wednesday, April 6, 2011. On Thursday, April 21, 2011, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before Monday, April 25, 2011, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigations must be served on all

other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: December 16, 2010.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010-32030 Filed 12-21-10; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF COMMERCE**International Trade Administration**

[C-570-968]

Aluminum Extrusions From the People's Republic of China: Final Affirmative Countervailing Duty Determination

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice.

SUMMARY: The Department of Commerce (the Department) determines that countervailable subsidies are being provided to producers and exporters of aluminum extrusions from the People's Republic of China (the PRC). For information on the estimated subsidy rates, see the "Suspension of Liquidation" section of this notice.

DATES: *Effective Date:* April 4, 2011.

FOR FURTHER INFORMATION CONTACT: John Conniff, AD/CVD Operations, Office 3, Import Administration, U.S. Department of Commerce, Room 4014, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-1009.

SUPPLEMENTARY INFORMATION:**Background**

This investigation covers 58 programs. The mandatory respondents in this investigation are: Liaoyang Zhongwang Aluminum Profile Co. Ltd./ Liaoning Zhongwang Group (collectively, the Zhongwang Group), Miland Luck Limited, Dragonlux Limited, and the Government of the PRC. The voluntary respondents in this investigation are: Guang Ya Aluminum Industries Co., Ltd., Foshan Guangcheng Aluminum Co., Ltd., Guang Ya Aluminum Industries Hong Kong, Kong Ah International Company Limited, and Yongji Guanghai Aluminum Industry Co., Ltd. (collectively the Guang Ya Companies), and Zhaoqing New Zhongya Aluminum Co., Ltd., Zhongya Shaped Aluminum HK Holding Ltd., and Karlton Aluminum Company Ltd. (collectively the Zhongya Companies).

Period of Investigation

The period of investigation for which we are measuring subsidies is January 1, 2009, through December 31, 2009, which corresponds to the PRC's most recently completed fiscal year at the time we initiated this investigation. See 19 CFR 351.204(b)(2).

Case History

The following events have occurred since the Department published the

Preliminary Determination on September 7, 2010. See *Aluminum Extrusions From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 75 FR 54302 (September 7, 2010) (*Preliminary Determination*). From September 17, 2010, through November 2, 2010, the Department issued supplemental questionnaires to the Guang Ya Companies, the Zhongya Companies, and the GOC, which, in turn, submitted questionnaire responses from October 13, 2010, through November 12, 2010. On October 29, 2010, we issued a post-preliminary decision memorandum addressing new subsidy allegations submitted by petitioners on July 13 and July 28, 2010.¹ See Memorandum to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, "Post-Preliminary Decision Memorandum" (October 29, 2010), a public document on file in room 7046 of HCHB, the Central Records Unit (CRU). We conducted verification of the questionnaire responses submitted by the Guang Ya Companies, the Zhongya Companies, and the GOC from December 3 through December 17, 2010. We issued verification reports from January 20 through January 28, 2011. Interested parties submitted case briefs on February 9, 2011 and rebuttal briefs on February 15, 2011. We conducted a public hearing on March 3, 2011.

Scope Comments

Based on analysis of information and arguments, the Department has modified the scope of the antidumping and countervailing duty investigations. For a full discussion, see Comment 3, "Scope of the Antidumping and Countervailing Duty Investigations," of the Issues and Decision Memorandum that accompanies the final determination in the less-than-fair-value investigation of aluminum extrusions from the People's Republic of China.

Scope of Investigation

The merchandise covered by this investigation is aluminum extrusions which are shapes and forms, produced by an extrusion process, made from aluminum alloys having metallic

elements corresponding to the alloy series designations published by The Aluminum Association commencing with the numbers 1, 3, and 6 (or proprietary equivalents or other certifying body equivalents). Specifically, the subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 1 contains not less than 99 percent aluminum by weight. The subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 3 contains manganese as the major alloying element, with manganese accounting for not more than 3.0 percent of total materials by weight. The subject merchandise is made from an aluminum alloy with an Aluminum Association series designation commencing with the number 6 contains magnesium and silicon as the major alloying elements, with magnesium accounting for at least 0.1 percent but not more than 2.0 percent of total materials by weight, and silicon accounting for at least 0.1 percent but not more than 3.0 percent of total materials by weight. The subject aluminum extrusions are properly identified by a four-digit alloy series without either a decimal point or leading letter. Illustrative examples from among the approximately 160 registered alloys that may characterize the subject merchandise are as follows: 1350, 3003, and 6060.

Aluminum extrusions are produced and imported in a wide variety of shapes and forms, including, but not limited to, hollow profiles, other solid profiles, pipes, tubes, bars, and rods. Aluminum extrusions that are drawn subsequent to extrusion ("drawn aluminum") are also included in the scope.

Aluminum extrusions are produced and imported with a variety of finishes (both coatings and surface treatments), and types of fabrication. The types of coatings and treatments applied to subject aluminum extrusions include, but are not limited to, extrusions that are mill finished (*i.e.*, without any coating or further finishing), brushed, buffed, polished, anodized (including bright-dip anodized), liquid painted, or powder coated. Aluminum extrusions may also be fabricated, *i.e.*, prepared for assembly. Such operations would include, but are not limited to, extrusions that are cut-to-length, machined, drilled, punched, notched, bent, stretched, knurled, swedged, mitered, chamfered, threaded, and spun. The subject merchandise includes

¹ Petitioners are the Aluminum Extrusion Fair Trade Committee; Aerolite Extrusion Company; Alexandria Extrusions Company; Beneda Aluminum of Florida, Inc.; William L. Bonnell Company, Inc.; Frontier Aluminum Corporation; Futura Industries Corporation; Hydro Aluminum North American Inc.; Kaiser Aluminum Corporation; Profile Extrusion Company; Sapa Extrusions, Inc.; Western Extrusions Corporation; and the United Steel, Paper, and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union.

aluminum extrusions that are finished (coated, painted, *etc.*), fabricated, or any combination thereof.

Subject aluminum extrusions may be described at the time of importation as parts for final finished products that are assembled after importation, including, but not limited to, window frames, door frames, solar panels, curtain walls, or furniture. Such parts that otherwise meet the definition of aluminum extrusions are included in the scope.

The scope includes the aluminum extrusion components that are attached (*e.g.*, by welding or fasteners) to form subassemblies, *i.e.*, partially assembled merchandise unless imported as part of the finished goods 'kit' defined further below. The scope does not include the non-aluminum extrusion components of subassemblies or subject kits.

Subject extrusions may be identified with reference to their end use, such as fence posts, electrical conduits, heat sinks, door thresholds, or carpet trim. Such goods are subject merchandise if they otherwise meet the scope definition, regardless of whether they are ready for use at the time of importation.

The following aluminum extrusion products are excluded: Aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 2 and containing in excess of 1.5 percent copper by weight; aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 5 and containing in excess of 1.0 percent magnesium by weight; and aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 7 and containing in excess of 2.0 percent zinc by weight.

The scope also excludes finished merchandise containing aluminum extrusions as parts that are fully and permanently assembled and completed at the time of entry, such as finished windows with glass, doors with glass or vinyl, picture frames with glass pane and backing material, and solar panels. The scope also excludes finished goods containing aluminum extrusions that are entered unassembled in a "finished goods kit." A finished goods kit is understood to mean a packaged combination of parts that contains, at the time of importation, all of the

necessary parts to fully assemble a final finished good and requires no further finishing or fabrication, such as cutting or punching, and is assembled 'as is' into a finished product. An imported product will not be considered a 'finished goods kit' and therefore excluded from the scope of the investigation merely by including fasteners such as screws, bolts, *etc.* in the packaging with an aluminum extrusion product.

The scope also excludes aluminum alloy sheet or plates produced by other than the extrusion process, such as aluminum products produced by a method of casting. Cast aluminum products are properly identified by four digits with a decimal point between the third and fourth digit. A letter may also precede the four digits. The following Aluminum Association designations are representative of aluminum alloys for casting: 208.0, 295.0, 308.0, 355.0, C355.0, 356.0, A356.0, A357.0, 360.0, 366.0, 380.0, A380.0, 413.0, 443.0, 514.0, 518.1, and 712.0. The scope also excludes pure, unwrought aluminum in any form.

The scope also excludes collapsible tubular containers composed of metallic elements corresponding to alloy code 1080A as designated by the Aluminum Association where the tubular container (excluding the nozzle) meets each of the following dimensional characteristics: (1) Length of 37 mm or 62 mm, (2) outer diameter of 11.0 mm or 12.7 mm, and (3) wall thickness not exceeding 0.13 mm.

Imports of the subject merchandise are provided for under the following categories of the Harmonized Tariff Schedule of the United States ("HTS"): 7604.21.0000, 7604.29.1000, 7604.29.3010, 7604.29.3050, 7604.29.5030, 7604.29.5060, 7608.20.0030, and 7608.20.0090. The subject merchandise entered as parts of other aluminum products may be classifiable under the following additional Chapter 76 subheadings: 7610.10, 7610.90, 7615.19, 7615.20, and 7616.99 as well as under other HTS chapters. In addition, fin evaporator coils may be classifiable under HTS numbers: 8418.99.80.50 and 8418.99.80.60. While HTS subheadings are provided for convenience and customs purposes, the written description of the scope in this proceeding is dispositive.

Injury Test

Because the PRC is a "Subsidies Agreement Country" within the meaning of section 701(b) of the Tariff Act of 1930, as amended (the Act), the International Trade Commission (the ITC) is required to determine whether imports of the subject merchandise from the PRC materially injure, or threaten material injury to, a U.S. industry. On June 17, 2010, the ITC published its preliminary determination finding that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of aluminum extrusions from the PRC that are alleged to be sold in the United States at less than fair value and subsidized by the GOC. *See Certain Aluminum Extrusions from China*, 75 FR 34482 (June 17, 2010).

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, entitled "Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Aluminum Extrusions from the People's Republic of China," (March 28, 2011) (Decision Memorandum), which is hereby adopted by this notice. Attached to this notice as an Appendix is a list of the issues that parties raised and to which we have responded in the Decision Memorandum. Parties can find a complete discussion of all issues raised in this investigation and the corresponding recommendations in this public memorandum, which is on file in the Department's CRU. In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at <http://trade.gov/ia>. The paper copy and electronic version of the Decision Memorandum are identical in content.

Suspension of Liquidation

In accordance with section 705(c)(1)(B)(i) of the Act, we determine the total estimated net countervailable subsidy rates to be:

Company	<i>Ad Valorem</i> net subsidy rate
Guang Ya Aluminum Industries Co., Ltd., Foshan Guangcheng Aluminum Co., Ltd., Guang Ya Aluminum Industries Hong Kong, Kong Ah International Company Limited, and Yongji Guanghai Aluminum Industry Co., Ltd. (collectively the Guang Ya Companies).	9.94 percent <i>ad valorem</i>

Company	Ad Valorem net subsidy rate
Zhaoqing New Zhongya Aluminum Co., Ltd., Zhongya Shaped Aluminum HK Holding Ltd., and Karlton Aluminum Company Ltd. (collectively the Zhongya Companies).	8.02 percent <i>ad valorem</i>
Dragonluxe Limited	374.15 percent <i>ad valorem</i>
Miland Luck Limited	374.15 percent <i>ad valorem</i>
Liaoyang Zhongwang Aluminum Profile Co. Ltd./Liaoning Zhongwang Group (collectively, the Zhongwang Group)	374.15 percent <i>ad valorem</i>
All Others Rate	374.15 percent <i>ad valorem</i>

We note that section 705(c)(5)(A)(i) of the Act states that for companies not investigated, we will determine an all-others rate equal to be the weighted average countervailable subsidy rates established for exporters and producers individually investigated, excluding any zero and *de minimis* countervailable subsidy rates, and any rates determined entirely under section 776 of the Act. However, as discussed in Comment 9 of the Decision Memorandum, the companies that participated in the investigation are voluntary respondents. The Department's regulations state that in calculating the all-others rate under section 705(c)(5) of the Act, the Department will exclude net subsidy rates calculated for voluntary respondents. See 19 CFR 351.204(d)(3). See also *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27310 (May 19, 1997).

Therefore, we have resorted to "any reasonable method" to derive the all-others rate, as described under section 705(c)(5)(A)(ii) of the Act. We determine that equating the all-others rate with the total adverse facts available (AFA) rate applied to the non-cooperating, mandatory respondents constitutes a "reasonable method" under 705(c)(5)(A)(ii) of the Act. See, e.g., *Certain Potassium Phosphate Salts From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Termination of Critical Circumstances Inquiry*, 75 FR 30375 (June 1, 2010) (in an investigation where all of the mandatory respondents received a rate based on AFA, the Department used the AFA rate assigned to the mandatory respondents as the all-others rate).

As a result of our *Preliminary Determination* and pursuant to section 703(d) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of subject merchandise from the PRC which were entered or withdrawn from warehouse, for consumption on or after September 7, 2010, the date of the publication of the *Preliminary Determination* in the **Federal Register**. In accordance with section 703(d) of the Act, we later issued instructions to CBP to discontinue the suspension of liquidation for countervailing duty

(CVD) purposes for subject merchandise entered, or withdrawn from warehouse, on or after January 6, 2011, but to continue the suspension of liquidation of all entries from September 7, 2010, through January 5, 2011.

We will issue a CVD order and reinstate the suspension of liquidation under section 706(a) of the Act if the ITC issues a final affirmative injury determination, and will require a cash deposit of estimated CVDs for such entries of merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Import Administration.

Return or Destruction of Proprietary Information

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/ destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This determination is published pursuant to sections 705(d) and 777(i) of the Act.

Dated: March 28, 2011.

Ronald K. Lorentzen,
Deputy Assistant Secretary for Import Administration.

Appendix

List of Comments and Issues in the Decision Memorandum

- Comment 1: Application of CVD Law to the PRC
- Comment 2: Whether Application of the CVD Law to Imports from the PRC Violates the Administrative Procedure Act (APA)
- Comment 3: Double Counting
- Comment 4: Cut-off Date for Identifying Subsidies
- Comment 5: Whether the Guang Ya Companies Inaccurately Reported Their Affiliates Thereby Warranting the Application of Adverse Facts Available (AFA)
- Comment 6: Whether the Zhongya Companies Failed to Report Their Affiliates Thereby Warranting the Application of AFA
- Comment 7: Whether the AFA Calculation is Accurate and Reasonable
- Comment 8: Whether to Include Newly Alleged and Self-Reported Programs in the AFA Calculation
- Comment 9: Whether the All Others Rate Should Equal the Total AFA Rate
- Comment 10: Whether the Department Should Have Collected Information from Firms Subject to the All Others Rate
- Comment 11: Whether the Department Should Have Selected Additional Mandatory Respondents
- Comment 12: Whether the Department Should Retroactively Revise the All Others Rate from the *Preliminary Determination*
- Comment 13: Whether the Sale of Aluminum Extrusions for More Than Adequate Remuneration (MTAR) Program Was Used by the Voluntary Respondents
- Comment 14: Whether the Sale of Aluminum Extrusions for MTAR Program Is Specific
- Comment 15: Whether the Sale of Aluminum Extrusions for MTAR Program Confers a Benefit
- Comment 16: Whether the Department Improperly Rejected Data From The Zhongya Companies Pertaining to the Sale of Aluminum Extrusions For MTAR Program
- Comment 17: Whether the Ownership Information of Respondents' Customers Was Complete and Fully Verified
- Comment 18: Whether a Financial Contribution Exists Under the Provision of Primary Aluminum for Less Than Adequate Remuneration (LTAR) Program
- Comment 19: Whether the Provision of Primary Aluminum for LTAR Program is Specific

- Comment 20: Whether the Benchmark Used for the Provision of Primary Aluminum for LTAR Program Should Include Import Duties
- Comment 21: Whether the Department Should Use In-Country Benchmarks Under the Provision of Primary Aluminum for LTAR Program
- Comment 22: Whether the Guang Ya Companies Properly Reported Their Purchases of Primary Aluminum and Whether the Application of AFA is Warranted
- Comment 23: Whether the Land for LTAR Program Constitutes a Financial Contribution, Provides a Benefit, and is Specific
- Comment 24: Whether the Department Should Revise the Benchmark Used Under the Land for LTAR Program
- Comment 25: Whether the Department Erred in Rejecting Factual Information Concerning the Benchmark Used Under the Land for LTAR Program
- Comment 26: Whether the Guang Ya Companies Received an Additional Subsidy in Connection With the GOC's Purchase of Land-Use Rights and Buildings
- Comment 27: Whether PRC Commercial Banks Are GOC Authorities That Provide a Financial Contribution
- Comment 28: Whether there is a Link Between the Alleged Policy Lending Program and Actual Loans Received by Respondents
- Comment 29: Whether the Derivation of the Short-Term Benchmark Interest Rate is Arbitrary
- Comment 30: Whether the Derivation of the Long-Term Benchmark Interest Rate is Arbitrary
- Comment 31: Whether the Department Committed Ministerial Errors Concerning the Famous Brands Program
- Comment 32: Whether the Department Should Provide an Entered Value Adjustment to the Zhongya Companies to Account for Price Mark-Ups Made by Their Hong-Kong Affiliate
- Comment 33: Whether the Department Improperly Declined to Initiate an Investigation of the GOC's Alleged Currency Undervaluation

[FR Doc. 2011-7926 Filed 4-1-11; 8:45 am]

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preliminary determination of sales at less than fair value (“LTFV”) in the antidumping investigation of aluminum extrusions from the People’s Republic of China (“PRC”).¹ We invited interested parties to comment on our preliminary determination. Based on our analysis of the comments we received, we have made changes to our margin calculations for the mandatory respondents. The final dumping margins for this investigation are listed in the “Final Determination Margins” section below.

FOR FURTHER INFORMATION CONTACT: Paul Stolz or Lori Apodaca, AD/CVD Operations, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-4474 or (202) 482-4551, respectively.

SUPPLEMENTARY INFORMATION:

Case History

The Department published its *Preliminary Determination* on November 12, 2010. The Department subsequently issued a ministerial error memorandum, in which it agreed to correct several ministerial errors.² On January 4, 2011, pursuant to the correction of ministerial errors, the Department published an *Amended Preliminary Determination*.³

Between December 6, 2010, and December 21, 2010, the Department conducted verifications of Guang Ya Aluminium Industries Co., Ltd. (“Guang Ya”), Foshan Guangcheng Aluminium Co., Ltd. (“Guangcheng”), Kong Ah International Co., Ltd. (“Kong Ah”), and Guang Ya Aluminium Industries (Hong Kong) Ltd. (“Guang Ya HK”) (collectively the “Guang Ya Group”); Zhaoqing New Zhongya Aluminum Co., Ltd. (“ZNZ”), Zhongya Shaped Aluminium (HK) Holding Limited (“Shaped Aluminum”) and Karlton Aluminum Company Ltd. (“Karlton”) (collectively “New Zhongya”); and Xinya Aluminum & Stainless Steel

Product Co., Ltd. (“Xinya”) (all parties, collectively “the Guang Ya Group/New Zhongya/Xinya”). The Department released verification reports for each of these companies on January 28, 2011.⁴ See the “Verification” section below for additional information. On December 12, 2010, Aavid Thermalloy, Inc. (“Aavid”) submitted a request for a scope hearing. On December 13, 2010, The Aluminum Extrusions Fair Trade Committee,⁵ and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (collectively, “Petitioners”) and New Zhongya submitted requests for a public hearing. On February 9, 2011, Petitioners submitted a request for a closed session of the hearing. On March 2, 2011, the Department held a public scope hearing for the antidumping duty and countervailing duty investigations, and both an open and a closed session of the antidumping duty hearing.

New Zhongya and Petitioners submitted surrogate value comments on December 22, 2010. On February 9, 2011, case briefs were filed by the Guang Ya Group, the Government of China (“GOC”), Petitioners, and New Zhongya. On February 14, 2011, the Guang Ya Group, New Zhongya, and Petitioners filed their rebuttal briefs.

Period of Investigation

The period of investigation (“POI”) is July 1, 2009, through December 31, 2009. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition, which was March 2009. See 19 CFR 351.204(b)(1).

Verification

As provided in section 782(i) of the Tariff Act of 1930, as amended (“Act”), we conducted verification of the information submitted by the Guang Ya Group/New Zhongya/Xinya for use in our final determination.⁶ We used standard verification procedures, including the examination of relevant accounting and production records, as appropriate, as well as original source documents provided by respondents.

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-967]

Aluminum Extrusions From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

DATES: *Effective Date:* April 4, 2011.

SUMMARY: On November 12, 2010, the Department of Commerce (“Department”) published its

¹ See *Aluminum Extrusions from the People’s Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, and Preliminary Determination of Targeted Dumping*, 75 FR 69403 (November 12, 2010) (“*Preliminary Determination*”).

² See Memorandum entitled “Ministerial Error Memorandum, Aluminum Extrusions from the People’s Republic of China, Preliminary Determination of Sales at Less Than Fair Value,” dated December 21, 2010, on file in the Department’s Central Records Unit (“CRU”), Room 7046 of the main Department building.

³ See *Aluminum Extrusions From the People’s Republic of China: Notice of Amended Preliminary Determination of Sales at Less Than Fair Value*, 76 FR 323 (January 4, 2011) (“*Amended Preliminary Determination*”).

⁴ See the Department’s verification reports on the record of this investigation, all on file in the CRU.

⁵ The Aluminum Extrusions fair Trade Committee is comprised of Aerolite Extrusion Company, Alexandria Extrusion Company, Benada Aluminum of Florida, Inc., William L. Bonnell Company, Inc., Frontier Aluminum Corporation, Futura Industries Corporation, Hydro Aluminum North America, Inc., Kaiser Aluminum Corporation, Profile Extrusions Company, Sapa Extrusions, Inc., and Western Extrusions Corporation.

⁶ See the Department’s verification reports on the record of this investigation in the CRU, with respect to these entities.

However, as detailed in our verification report and discussed further below, we were unable to verify the information submitted by Xinya.

Analysis of Comments Received

The issues raised in the case and rebuttal briefs submitted in this investigation are addressed in the "Issues and Decision Memorandum for the Final Determination in the Less-Than-Fair-Value Investigation of Aluminum Extrusions from the People's Republic of China," ("Issues and Decision Memorandum") dated concurrently with this notice, which is hereby adopted by this notice. A list of the issues which parties have raised and to which we have responded in the Issues and Decision Memorandum is attached to this notice as Appendix I. The Issues and Decision Memorandum is a public document on file in the CRU and is accessible on the Web at <http://ia.ita.doc.gov/frn>. The paper copy and electronic version of the memorandum are identical in content.

Changes Since the Preliminary Determination

- We are amending the language of the scope of the antidumping duty ("AD") and countervailing duty ("CVD") investigations for clarification purposes as described in detail in the accompanying Issues and Decision Memorandum. See Comment 3, A–J in the accompanying Issues and Decision Memorandum.

- For the final determination, the Department has adjusted the Petition rates using the revised surrogate value for labor as described in detail in the accompanying Issues and Decision Memorandum. The revised petition margins range from 32.53 percent to 33.28 percent. See Comment 1, A–F, Labor Wage Rate in the accompanying Issues and Decision Memorandum; see also March 28, 2011 Memorandum to the File, regarding Investigation of Certain Aluminum Extrusions from the People's Republic of China: Petition Rate Recalculation ("Petition Rate Recalculation Memo").

- For the final determination, we are applying a rate based on adverse facts available ("AFA") to the Guang Ya Group/New Zhongya/Xinya single entity. As AFA we have assigned the highest rate from the petition of 33.18 percent, as recalculated for the final determination.⁷ See Issues and Decision Memorandum at Comment 5: Application of Total AFA; see also Memorandum regarding: Application of Total Adverse Facts Available for the

Guang Ya Group/New Zhongya/Xinya in the Antidumping Duty Investigation of Aluminum Extrusions from the People's Republic of China, dated March 28, 2011 ("Guang Ya Group/New Zhongya/Xinya AFA Memo").

- For the final determination, we have assigned the 29 separate rate applicants to whom we are granting a separate rate a dumping margin of 32.79 percent, based on the simple average of the margins alleged in the petition, as recalculated for this final determination. See Comment 1, A–F, Labor Wage Rate in the accompanying Issues and Decision Memorandum; see also Petition Rate Recalculation Memo, detailing recalculation to correct for a ministerial error.

Scope of the Investigations

The merchandise covered by this investigation is aluminum extrusions which are shapes and forms, produced by an extrusion process, made from aluminum alloys having metallic elements corresponding to the alloy series designations published by The Aluminum Association commencing with the numbers 1, 3, and 6 (or proprietary equivalents or other certifying body equivalents). Specifically, the subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 1 contains not less than 99 percent aluminum by weight. The subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 3 contains manganese as the major alloying element, with manganese accounting for not more than 3.0 percent of total materials by weight. The subject merchandise is made from an aluminum alloy with an Aluminum Association series designation commencing with the number 6 contains magnesium and silicon as the major alloying elements, with magnesium accounting for at least 0.1 percent but not more than 2.0 percent of total materials by weight, and silicon accounting for at least 0.1 percent but not more than 3.0 percent of total materials by weight. The subject aluminum extrusions are properly identified by a four-digit alloy series without either a decimal point or leading letter. Illustrative examples from among the approximately 160 registered alloys that may characterize the subject merchandise are as follows: 1350, 3003, and 6060.

Aluminum extrusions are produced and imported in a wide variety of shapes and forms, including, but not

limited to, hollow profiles, other solid profiles, pipes, tubes, bars, and rods. Aluminum extrusions that are drawn subsequent to extrusion ("drawn aluminum") are also included in the scope.

Aluminum extrusions are produced and imported with a variety of finishes (both coatings and surface treatments), and types of fabrication. The types of coatings and treatments applied to subject aluminum extrusions include, but are not limited to, extrusions that are mill finished (*i.e.*, without any coating or further finishing), brushed, buffed, polished, anodized (including bright-dip anodized), liquid painted, or powder coated. Aluminum extrusions may also be fabricated, *i.e.*, prepared for assembly. Such operations would include, but are not limited to, extrusions that are cut-to-length, machined, drilled, punched, notched, bent, stretched, knurled, swedged, mitered, chamfered, threaded, and spun. The subject merchandise includes aluminum extrusions that are finished (coated, painted, etc.), fabricated, or any combination thereof.

Subject aluminum extrusions may be described at the time of importation as parts for final finished products that are assembled after importation, including, but not limited to, window frames, door frames, solar panels, curtain walls, or furniture. Such parts that otherwise meet the definition of aluminum extrusions are included in the scope. The scope includes the aluminum extrusion components that are attached (*e.g.*, by welding or fasteners) to form subassemblies, *i.e.*, partially assembled merchandise unless imported as part of the finished goods 'kit' defined further below. The scope does not include the non-aluminum extrusion components of subassemblies or subject kits.

Subject extrusions may be identified with reference to their end use, such as fence posts, electrical conduits, heat sinks, door thresholds, or carpet trim. Such goods are subject merchandise if they otherwise meet the scope definition, regardless of whether they are ready for use at the time of importation.

The following aluminum extrusion products are excluded: Aluminum extrusions made from aluminum alloy with an Aluminum Association series designations commencing with the number 2 and containing in excess of 1.5 percent copper by weight; aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 5 and containing in excess of 1.0 percent magnesium by weight; and aluminum extrusions made from

⁷ See Petition Rate Recalculation Memo.

aluminum alloy with an Aluminum Association series designation commencing with the number 7 and containing in excess of 2.0 percent zinc by weight.

The scope also excludes finished merchandise containing aluminum extrusions as parts that are fully and permanently assembled and completed at the time of entry, such as finished windows with glass, doors with glass or vinyl, picture frames with glass pane and backing material, and solar panels. The scope also excludes finished goods containing aluminum extrusions that are entered unassembled in a "finished goods kit." A finished goods kit is understood to mean a packaged combination of parts that contains, at the time of importation, all of the necessary parts to fully assemble a final finished good and requires no further finishing or fabrication, such as cutting or punching, and is assembled 'as is' into a finished product. An imported product will not be considered a 'finished goods kit' and therefore excluded from the scope of the investigation merely by including fasteners such as screws, bolts, *etc.* in the packaging with an aluminum extrusion product.

The scope also excludes aluminum alloy sheet or plates produced by other than the extrusion process, such as aluminum products produced by a method of casting. Cast aluminum products are properly identified by four digits with a decimal point between the third and fourth digit. A letter may also precede the four digits. The following Aluminum Association designations are representative of aluminum alloys for casting: 208.0, 295.0, 308.0, 355.0, C355.0, 356.0, A356.0, A357.0, 360.0, 366.0, 380.0, A380.0, 413.0, 443.0, 514.0, 518.1, and 712.0. The scope also excludes pure, unwrought aluminum in any form.

The scope also excludes collapsible tubular containers composed of metallic elements corresponding to alloy code 1080A as designated by the Aluminum Association where the tubular container (excluding the nozzle) meets each of the following dimensional characteristics: (1) Length of 37 mm or 62 mm, (2) outer diameter of 11.0 mm or 12.7 mm, and (3) wall thickness not exceeding 0.13 mm.

Imports of the subject merchandise are provided for under the following categories of the Harmonized Tariff Schedule of the United States ("HTS"): 7604.21.0000, 7604.29.1000, 7604.29.3010, 7604.29.3050, 7604.29.5030, 7604.29.5060, 7608.20.0030, and 7608.20.0090. The subject merchandise entered as parts of

other aluminum products may be classifiable under the following additional Chapter 76 subheadings: 7610.10, 7610.90, 7615.19, 7615.20, and 7616.99 as well as under other HTS chapters. In addition, fin evaporator coils may be classifiable under HTS numbers: 8418.99.80.50 and 8418.99.80.60. While HTS subheadings are provided for convenience and customs purposes, the written description of the scope in this proceeding is dispositive.

Scope Comments

Concurrent with the *Preliminary Determination*, on October 27, 2010, the Department issued a decision memorandum addressing ten scope issues in this and the concurrent countervailing duty investigation on aluminum extrusions from the PRC.⁸

As stated in the *Preliminary Determination*, scope comments received on or after October 7, 2010, but prior to the *Preliminary Determination* were not submitted in time for consideration for the *Preliminary Determination* and that, as a result, we would fully consider any such comments for the final determination. In addition, it came to our attention that our Preliminary Scope Memorandum inadvertently did not address scope comments submitted by Petitioners on May 10, 2010. We provided interested parties an opportunity to comment on the Preliminary Scope Memorandum. In response, multiple parties submitted scope case briefs on January 20, 2011, and scope rebuttal briefs on January 25, 2011.

For the final determination, we have considered Petitioners' May 10, 2010, scope comments, the scope comments provided by all parties on or after October 7, 2011, but prior to the *Preliminary Determination*, and the scope case and rebuttal briefs submitted on January 20 and January 25, 2011, respectively, and addressed these issues in the Issues and Decision Memorandum.⁹

⁸ See October 27, 2010, Memorandum entitled "Preliminary Determinations: Comments on the Scope of the Investigations" ("Preliminary Scope Memorandum"); see also *Preliminary Determination*.

⁹ Specifically: Floturn, Inc. ("Floturn") submitted comments on October 7, 2010; Petitioners on October 13, 2010, October 19, 2010, and October 22, 2010; the Shower Door, Tub and Shower Enclosures Manufacturers' Alliance ("SDMA") on October 7, 2010; Eagle Metals, Inc. and Eagle Metals Distributors, Inc. (collectively, "Eagle Metals") on October 12, 2010, October 13, 2010, and October 21, 2010; Aavid Thermalloy ("Aavid") on October 13, 2010, and October 21, 2010; Brazeway Inc. ("Brazeway") on October 19, 2010, and December 15, 2010; Maine Ornamental, LLC ("Maine Ornamental") on October 22, 2010; and Hubble

On May 10, 2010, and in its scope case brief of January 11, 2011, Petitioners provided a series of proposed wording changes to clarify the scope language of these investigations. No other party provided comments on these proposed changes. On February 28, 2011, the Department requested that Petitioners clarify whether the Petition intended to cover the non-aluminum components of subject kits and subassemblies and that Petitioners provide language if the intent of the Petition was to not cover the non-aluminum components. On March 9, 2011, Petitioners submitted clarifying language stipulating that it is the intent of the petition to cover only the aluminum extrusion components of entries of subject aluminum extrusion subassemblies or subject kits.

We have adopted all of Petitioners' clarifications for the final determination. For a complete discussion of the parties' scope-related comments (including the clarifications discussed above) and the Department's position, see the Issues and Decision Memorandum accompanying this notice at Comment 3, A–J.

Targeted Dumping

Because we are basing the margin of the sole mandatory respondent on total AFA for the final determination, we have not considered Petitioners' targeted dumping allegation for the final determination.

Surrogate Country

In the *Preliminary Determination*, we stated that we had selected India as the appropriate surrogate country to use in this investigation for the following reasons: (1) It is a significant producer of comparable merchandise; (2) it is at a level of economic development comparable to that of the PRC, pursuant to section 773(c)(4) of the Act; and (3) we have reliable data from India that we can use to value the FOPs. See *Preliminary Determination*. For the final determination, we received no comments on surrogate country selection and, accordingly, made no changes to our findings with respect to the selection of a surrogate country.

Affiliation

For the reasons set forth in our *Preliminary Determination*, we continue to find the entities comprising the Guang Ya Group, and the entities

Power Systems ("HPS") on October 26, 2010. Additionally, Petitioners, Floturn, SDMA, Eagle Metals, Aavid, Brazeway, and Maine Ornamental submitted scope case briefs on January 20, 2011; Petitioners, Floturn, SDMA, and Brazeway submitted scope rebuttal briefs on January 25, 2011.

comprising New Zhongya, affiliated pursuant to section 771(33)(A) of the Act, as each entity is owned by a member of the Kuang family. Further, we find that New Zhongya is affiliated with one of its reported customers during the POI pursuant to section 771(33)(F) of the Act.¹⁰ Furthermore, we continue to find the Guang Ya Group/ New Zhongya and Xinya affiliated pursuant to section 771(33)(A) of the Act.

In making this determination, we note that the Guang Ya Group and New Zhongya each stated on the record that a Kuang sibling was "Shareholder" of Xinya, and though the Guang Ya Group also made other inconsistent statements regarding ownership of Xinya, neither party has recanted these original statements. Further, because the ownership information provided by Xinya could not be verified, we do not accord any weight to its ownership claims, which constitute unverifiable information. Thus, we continue to find that the record evidence indicates that Xinya is owned by a member of the Kuang family. Because each entity is owned by a member of the Kuang family, we conclude that the owners of Guang Ya Group, New Zhongya, and Xinya are members of a family grouping, pursuant to section 771(33)(A) of the Act. Further, we find that the ownership by the family grouping satisfies the requirement of affiliation pursuant to section 771(33)(F) of the Act, because all of the companies within the Guang Ya Group, New Zhongya, and Xinya are under the common control of the family grouping.

To the extent that section 771(33) of the Act does not conflict with the Department's application of separate rates and enforcement of the non-market economy ("NME") provision or section 773(c) of the Act, the Department will determine that affiliated exporters and/or producers are a single entity if the facts of the case support such a finding.¹¹ The Court of International

Trade ("CIT") has upheld the Department's practice of determining whether to treat two or more companies as a single entity for antidumping purposes based on a consideration of whether there exists a significant potential for manipulation of prices and/or export decisions.¹² The determination to treat the Guang Ya Group, New Zhongya, and Xinya as a single entity, is based on a finding that the family grouping holds essentially full ownership of the Guang Ya Group, New Zhongya, and Xinya, all of which are producers and/or exporters of merchandise under consideration in this investigation. Therefore, in considering the level of common ownership pursuant to 19 CFR 351.401(f)(2)(i), we find nearly 100 percent common ownership of the Guang Ya Group, New Zhongya, and Xinya by the family grouping. In this context, the family in question is the "person" jointly owning and controlling the Guang Ya Group, New Zhongya, and Xinya.

Regarding 19 CFR 351.401(f)(2)(ii), the extent to which managerial employees or board members of one firm sit on the board of directors of an affiliated firm, the record of this proceeding shows that Kuang family members sit on the boards of, and have management positions at, the Guang Ya Group, and New Zhongya, as described above. With respect to the third criterion for finding significant potential for manipulation, 19 CFR 351.401(f)(2)(iii), the presence of intertwined operations, information on the record indicates significant financial transactions between Xinya and the owner of New Zhongya, which are recorded as part of New Zhongya's accounting records.¹³ Accordingly, we find that the relationship between the Guang Ya Group, New Zhongya, and Xinya poses a significant potential for the manipulation of price or production pursuant to 19 CFR 351.401(f)(2).

Thus, by virtue of the common ownership of the three entities, family members on the boards of at least two of the companies, evidence of financial transactions between two of these entities, and the fact that all entities

produce and/or export merchandise under consideration, we find that there exists the significant potential for manipulation such that the Guang Ya Group, New Zhongya and Xinya should be treated as a single entity.¹⁴

Separate Rates

In proceedings involving NME countries, the Department begins with a rebuttable presumption that all exporters within the country are subject to government control and, thus, should be assigned a single antidumping duty deposit rate. It is the Department's policy to assign all exporters of merchandise subject to an investigation involving an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent to be entitled to a separate rate.¹⁵

In the *Preliminary Determination*, we found that the mandatory respondent (*i.e.*, the Guang Ya Group/New Zhongya)¹⁶ and 29 separate-rate applicants demonstrated their eligibility for separate-rate status. Specifically, both Guang Ya Group and New Zhongya provided, and the Department successfully verified, the requisite information to demonstrate an absence of both *de jure* and *de facto* government control over their respective export activities. For the final determination, we continue to find that the Guang Ya Group/New Zhongya single entity is eligible for a separate rate.

Further, because no parties commented on the separate-rate status of the other separate-rate applicants and no information has come to light that would alter our preliminary findings, we continue to find that the evidence placed on the record of this investigation by the 29 separate-rate applicants to whom we preliminarily granted separate rate status demonstrates both a *de jure* and *de facto* absence of government control, with respect to their respective exports of the merchandise under investigation; thus they are eligible for separate-rate status. *See Preliminary Determination.*

In the *Preliminary Determination*, we denied separate rate status to one

¹⁰ See March 28, 2011, Memorandum regarding the Investigation of Aluminum Extrusions from the People's Republic of China: Final Determination Regarding Affiliation and Collapsing of Guang Ya Aluminium Industries Co., Ltd., Foshan Guangcheng Aluminium Co., Ltd., Kong Ah International Co., Ltd., and Guang Ya Aluminium Industries (Hong Kong) Ltd.; Zhaoqing New Zhongya Aluminium Co., Ltd., Zhongya Shaped Aluminium (HK) Holding Ltd., Karlton Aluminium Co., Ltd.; and Xinya Aluminum & Stainless Steel Product Co., Ltd. ("Final Affiliation/Collapsing Memo").

¹¹ See *Certain Preserved Mushrooms From the People's Republic of China: Preliminary Results of Sixth New Shipper Review and Preliminary Results and Partial Rescission of Fourth Antidumping Duty Administrative Review*, 69 FR 10410, 10413 (March 5, 2004) ("*Mushrooms*"), unchanged in *Final Results*

and *Final Rescission, in Part, of Antidumping Duty Administrative Review: Certain Preserved Mushrooms From the People's Republic of China*, 70 FR 54361 (September 14, 2005).

¹² See *Hontex Enterprises v. United States*, 342 F. Supp. 2d 1225, 1230-34 (CIT 2004) ("*Hontex II*").

¹³ See January 28, 2010, Memorandum regarding the Verification of the Sales and Factors Responses of Zhaoqing New Zhongya Aluminum Co., Ltd. ("ZNZ"), Zhongya Shaped Aluminium (HK) Holding Limited ("Shaped Aluminium") and Karlton Aluminium Company Ltd. ("Karlton") (collectively "New Zhongya") in the Less-Than-Fair Value Investigation of Aluminum Extrusions from the People's Republic of China ("New Zhongya Verification Report"), at 10.

¹⁴ *Stainless Steel Bar from India: Final Results of Antidumping Duty Administrative Review*, 74 FR 47198 (September 15, 2009), and accompanying Issues and Decision Memorandum at Comment 1.

¹⁵ See *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (May 6, 1991) ("*Sparklers*"), as amplified by Notice of *Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585 (May 2, 1994) ("*Silicon Carbide*"), and 19 CFR 351.107(d).

¹⁶ Because there is no record information to indicate that Xinya, which is part of this collapsed entity, is an exporter to the United States, Xinya is not eligible for consideration of a separate rate.

separate rate applicant, Shanghai Canghai Aluminum Tube Packing Co. ("Shanghai Canghai"), but stated that we would provide it with an additional opportunity to correct deficiencies submitted in its original separate rate application ("SRA") and September 8, 2010, Supplemental Questionnaire Response ("SQR") to the Department's supplemental questionnaire.¹⁷ On November 27, 2010, the Department sent another letter to Shanghai Canghai rejecting its September 8, 2010, SQR because of procedural deficiencies and because it contained insufficient documentation to analyze Shanghai Canghai's eligibility for a separate rate, including incomplete narrative responses to the questions asked and no translations. In this letter, however, we also provided Shanghai Canghai an opportunity to re-submit its response to correct these deficiencies.¹⁸ On or about December 9, 2010, the Department received Shanghai Canghai's response to the Department's November 27, 2010, letter. However, the December 9, 2010, SQR was not filed in conformance with the Department's regulations regarding filing, service, or certification of documents (*see* 19 CFR 351.303). Further, Shanghai Canghai's December 9, 2010, SQR again provided no narrative responses to any of the Department's questions from the separate-rate application. As a result, on March 17, 2011, the Department sent a letter to Shanghai Canghai rejecting its December 9, 2010, response. Because Shanghai Canghai has failed to respond adequately to the Department's request for separate rate information despite being given several opportunities to do so, the Department has not considered Shanghai Canghai's submission for the final determination nor retained it for the record. Thus, for this final determination, we are not granting Shanghai Canghai a separate rate, and it is part of the PRC-wide entity.

Margin for the Separate Rate Companies

Since we assigned the individually examined respondent a dumping margin based on total AFA, we do not have any mandatory respondents in this investigation whose dumping margin is

not based on AFA. Thus, we have assigned the 29 separate rate applicants to whom we are granting a separate rate a dumping margin based on the simple average of the margins alleged in the petition, as recalculated for the final determination.

Use of Facts Available

Section 776(a)(2) of the Act, provides that, if an interested party: (A) Withholds information that has been requested by the Department; (B) fails to provide such information in a timely manner or in the form or manner requested by the Department, subject to sections 782(c)(1) and (e) of the Act; (C) significantly impedes a proceeding under the antidumping statute; or (D) provides such information but the information cannot be verified, the Department shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

Section 782(c)(1) of the Act provides that if an interested party "promptly after receiving a request from {the Department} for information, notifies {the Department} that such party is unable to submit the information requested in the requested form and manner, together with a full explanation and suggested alternative forms in which such party is able to submit the information," the Department may modify the requirements to avoid imposing an unreasonable burden on that party.

Section 782(d) of the Act provides that, if the Department determines that a response to a request for information does not comply with the request, the Department will inform the person submitting the response of the nature of the deficiency and shall, to the extent practicable, provide that person the opportunity to remedy or explain the deficiency. If that person submits further information that continues to be unsatisfactory, or this information is not submitted within the applicable time limits, the Department may, subject to section 782(e), disregard all or part of the original and subsequent responses, as appropriate.

Section 782(e) of the Act states that the Department shall not decline to consider information deemed "deficient" under section 782(d) if: (1) The information is submitted by the established deadline; (2) the information can be verified; (3) the information is not so incomplete that it cannot serve as a reliable basis for reaching the applicable determination; (4) the interested party has demonstrated that it acted to the best of its ability; and (5)

the information can be used without undue difficulties.

Furthermore, section 776(b) of the Act states that if the Department "finds that an interested party has failed to cooperate by not acting to the best of its ability to comply with a request for information from the {Department}, the {Department}, in reaching the applicable determination under this title, may use an inference that is adverse to the interests of that party in selecting from among the facts otherwise available."¹⁹

For this final determination, in accordance with sections 773(c)(3)(A) and (B) of the Act and sections 776(a)(2)(A), (B), (C), and (D) and 776(b) of the Act, we have determined that the use of AFA is warranted for the Guang Ya Group/New Zhongya/Xinya, and the PRC-wide entity as discussed below.

Guang Ya Group/New Zhongya/Xinya

The Department has determined that the information to construct an accurate and otherwise reliable margin is not available on the record with respect to the Guang Ya Group/New Zhongya/Xinya. The Department reached this determination because the Guang Ya Group/New Zhongya/Xinya withheld information that had been requested, failed to provide such information in a timely manner or in the form or manner requested, significantly impeded this proceeding, and provided information that could not be verified, pursuant to sections 776(a)(1) and (2)(A), (B), (C) and (D) of the of Act.²⁰ Specifically, Guang Ya Group's narrative questionnaire responses did not comport with the data sections of those same responses; moreover, the factors of production data submitted by Guang Ya Group post-verification did not reflect the data verified by the Department at Guang Ya Group's facilities. New Zhongya mis-reported a portion of its U.S. sales indicating that they were constructed export price sales to the first unaffiliated party in the United States when in fact they were the transfer price sales to its U.S. affiliated party. Finally, Xinya provided no documentation at verification to demonstrate its claimed ownership. For additional detail, *see* Guang Ya Group/New Zhongya/Xinya AFA Memo. As a result, the Department has determined to apply the facts otherwise available. Further, because the Department finds that the Guang Ya Group/New Zhongya/

¹⁷ *See Preliminary Determination*, the Department's June 25, 2010, letter to Shanghai Canghai granting the company's request to extend the deadline for its SRA submission to July 2, 2010, and the Department's August 18, 2010, letter to Shanghai Canghai regarding Antidumping Duty Investigation of Aluminum Extrusions from the People's Republic of China: Supplemental Questionnaire—Separate Rate Application.

¹⁸ *See* the Department's November 27, 2010, letter to Shanghai Canghai regarding re-filing its Separate Rate Supplemental Questionnaire.

¹⁹ *See also Statement of Administrative Action ("SAA") accompanying the Uruguay Round Agreements Act (URAA)*, H.R. Rep. No. 103-316, Vol. 1 at 870 (1994).

²⁰ *See* Guang Ya Group/New Zhongya/Xinya AFA Memo.

Xinya failed to cooperate to the best of its ability, pursuant to section 776(b) of the Act, the Department has determined to use an adverse inference when applying facts available for the final determination in this investigation.²¹

The PRC-Wide Entity

Because we begin with the presumption that all companies within an NME country are subject to government control, and because only the companies listed under the “Final Determination Margins” section, below, have overcome that presumption, we are applying a single antidumping rate (*i.e.*, the PRC-wide rate) to all other exporters of subject merchandise from the PRC because these other companies did not demonstrate entitlement to a separate rate.²² The PRC-wide rate applies to all entries of subject merchandise except for entries from the companies eligible for separate rate status.

In the *Preliminary Determination*, the Department found that there were producers/exporters of the subject merchandise during the POI from the PRC that did not respond to the Department’s request for information. Further, we treated these PRC producers/exporters as part of the PRC-wide entity because they did not demonstrate their eligibility for a separate rate. Additionally, as a result of the PRC-wide entity’s failure to respond to our requests for information we further determined that, pursuant to section 776(a)(2)(A) of the Act, the PRC-wide entity failed to cooperate by not acting to the best of its ability to comply with requests for information. *See id.* Accordingly, we also determined that in selecting from among the facts available an adverse inference was warranted because of the PRC-wide entity’s failure to cooperate to the best of its ability. As AFA, we preliminarily assigned to the PRC-wide entity a recalculated rate of 33.18 percent, the highest calculated rate from the petition, as recalculated for the *Amended Preliminary Determination*.²³ *See Statement of Administrative Action accompanying*

²¹ *See* Guang Ya Group/New Zhongya/Xinya AFA Memo.

²² *See, e.g., Synthetic Indigo From the People’s Republic of China; Notice of Final Determination of Sales at Less Than Fair Value*, 65 FR 25706, 25707 (May 3, 2000).

²³ *See Amended Preliminary Determination; see also* the December 10, 2010, Memorandum to the File, regarding the Investigation of Certain Aluminum Extrusions from the People’s Republic of China: Petition Rate recalculation; (“Amended Prelim Petition Rate Recalculation Memo”); and the December 10, 2010, Memorandum to the File, regarding the Amended Preliminary Determination Analysis Memorandum (“Amended Preliminary Determination Analysis Memo”).

the URAA, H.R. Rep. No. 103–316, vol. 1, at 870 (1994) (“SAA”).

Because the PRC-wide entity did not respond to our requests for information, significantly impeded the proceeding, and withheld information requested by the Department, pursuant to sections 776(a)(2)(A), (C), and (D) of the Act, we determine, as in the *Preliminary Determination*, that in selecting from among the facts available an adverse inference is appropriate to determine the PRC-wide rate, recalculated for the final determination, because of the PRC-wide entity’s failure to cooperate to the best of its ability.²⁴

Selection of the Adverse Facts Available Rate

In deciding which facts to use as AFA, section 776(b) of the Act and 19 CFR 351.308(c)(1) provide that the Department may rely on information derived from (1) the petition, (2) a final determination in the investigation, (3) any previous review or determination, or (4) any information placed on the record. In selecting a rate for AFA, the Department selects a rate that is sufficiently adverse “as to effectuate the purpose of the facts available rule to induce respondents to provide the Department with complete and accurate information in a timely manner.”²⁵ It is also the Department’s practice to select a rate that ensures “that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.”²⁶

Generally, the Department finds selecting the highest rate in any segment of the proceeding as AFA to be appropriate.²⁷ It is the Department’s practice to select, as AFA, the higher of the (a) highest margin alleged in the petition, or (b) the highest calculated rate of any respondent in the investigation.²⁸ In the instant

²⁴ *See* Petition Rate Recalculation Memo.

²⁵ *See Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors From Taiwan*, 63 FR 8909, 8932 (February 23, 1998).

²⁶ *See Brake Rotors From the People’s Republic of China: Final Results and Partial Rescission of the Seventh Administrative Review; Final Results of the Eleventh New Shipper Review*, 70 FR 69937, 69939 (November 18, 2005); *See also* SAA at 870.

²⁷ *See, e.g., Certain Cased Pencils from the People’s Republic of China; Preliminary Results of Antidumping Duty Administrative Review and Intent to Rescind in Part*, 70 FR 76755, 76761 (December 28, 2005) unchanged in final, *Certain Cased Pencils from the People’s Republic of China; Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 71 FR 38366 (July 6, 2006), and accompanying Issues and Decision Memorandum at Comment 10.

²⁸ *See Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Carbon Quality Steel Products from the People’s Republic of China*, 65 FR 34660 (May 21, 2000), and accompanying

investigation, as AFA, we have assigned to the PRC-wide entity the highest petition rate (as recalculated for the final determination) on the record of this proceeding that can be corroborated, 33.28 percent, as recalculated for the final determination.²⁹ For the final determination in this investigation, the Department has selected this rate as the most appropriate from the available sources to effectuate the purposes of AFA. Accordingly, the Department has assigned both the Guang Ya Group/New Zhongya/Xinya and the PRC-wide entity an AFA rate of 33.28 percent.

Corroboration

Section 776(c) of the Act provides that, when the Department relies on secondary information in using the facts otherwise available, it must, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. We have interpreted “corroborate” to mean that we will, to the extent practicable, examine the reliability and relevance of the information submitted.³⁰

As total AFA, the Department preliminarily selected the highest adjusted petition rate of 33.28 percent.³¹ In the *Amended Preliminary Determination*, in accordance with section 776(c) of the Act, we corroborated our AFA margin by comparing it to the control number (“CONNUM”) margins we found for the cooperating mandatory respondents. We found that the margin of 33.18 percent had probative value because it was in the range of CONNUM model margins we found for the mandatory respondents, the Guang Ya Group/New Zhongya/Xinya, during the period of

Issues and Decision Memorandum at “Facts Available.”

²⁹ *See* Petition Rate Recalculation Memo; *see also* Comment 1C, Labor Wage Rate in the accompanying Issues and Decision Memorandum.

³⁰ *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil*, 65 FR 5554, 5568 (February 4, 2000); *see, e.g., Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996).

³¹ *See Amended Preliminary Determination; see also* Amended Prelim Petition Rate Recalculation Memo; and the December 21, 2010, Memorandum to Christian Marsh, Deputy Assistant Secretary for Import Administration, from Wendy Frankel, Director, Office 8, entitled “Ministerial Error Memorandum, Aluminum Extrusions from the People’s Republic of China, Preliminary Determination of Sales at Less Than Fair Value” (“Ministerial Error Memo”), at Issue 4.

investigation.³² Accordingly, we found that the rate of 33.28 percent, which is only one tenth of a one percent difference from the rate applied in the *Amended Preliminary Determination* is corroborated within the meaning of section 776(c) of the Act.³³

Because there are no cooperating mandatory respondents to corroborate the 33.28 percent margin used as AFA for the Guang Ya Group/New Zhongya/Xinya and the PRC-wide entity, to the extent appropriate information was available, we revisited our pre-initiation analysis of the adequacy and accuracy of the information in the petition. See Antidumping Duty Investigation Initiation Checklist: Aluminum Extrusions from the People's Republic of China, dated April 20, 2010 ("Initiation Checklist"). We examined evidence supporting the calculations in the petition and the supplemental information provided by Petitioners prior to initiation to determine the probative value of the margins alleged

in the petition. During our pre-initiation analysis, we examined the information used as the basis of export price and normal value ("NV") in the petition, and the calculations used to derive the alleged margins. Also during our pre-initiation analysis, we examined information from various independent sources provided either in the petition or, based on our requests, in supplements to the petition (e.g., Global Trade Atlas, and Petitioners' experience with selling and producing the merchandise under consideration), which corroborated key elements of the export price and NV calculations. See *Initiation Checklist* at 6–10. We received no comments as to the relevance or probative value of this information. In our examination of the petition data to corroborate the 33.28 percent AFA rate for the final determination, the Department found nothing impinging the reliability or relevance of the petition rate, as adjusted.

We did receive comments on the Department's wage rate calculation, which was utilized to derive the petition margin. We have evaluated those comments and recalculated the labor wage rate used in calculating the Petition margin.³⁴

Therefore, the Department finds that the margin of 33.28 percent has probative value for the purpose of being selected as the AFA rate assigned to the Guang Ya Group/New Zhongya/Xinya and the PRC-wide entity.

Combination Rates

In the *Preliminary Determination*, the Department stated that it would assign combination rates for respondents that are eligible for a separate rate in this investigation.³⁵ This practice is described in the *Separate Rate Policy Bulletin*.³⁶

Final Determination Margins

The weighted-average dumping margin percentages are as follows:

Exporter *	Producer	Weighted-average margin
Guang Ya Aluminium Industries Co., Ltd.; Foshan Guangcheng Aluminium Co., Ltd.; Kong Ah International Company Limited; Guang Ya Aluminium Industries (Hong Kong) Limited.	Guang Ya Aluminium Industries Co., Ltd.; Foshan Guangcheng Aluminium Co., Ltd.; Kong Ah International Company Limited; Guang Ya Aluminium Industries (Hong Kong) Limited; Zhaoqing New Zhongya Aluminum Co., Ltd.; Zhongya Shaped Aluminium (HK) Holding Limited; Karlton Aluminum Company Ltd.; Xinya Aluminum & Stainless Steel Product Co., Ltd. (A.K.A. New Asia Aluminum & Stainless Steel Product Co., Ltd.).	33.28
Zhaoqing New Zhongya Aluminum Co., Ltd.; Zhongya Shaped Aluminium (HK) Holding Limited; Karlton Aluminum Company Ltd.	Guang Ya Aluminium Industries Co., Ltd.; Foshan Guangcheng Aluminium Co., Ltd.; Kong Ah International Company Limited; Guang Ya Aluminium Industries (Hong Kong) Limited; Zhaoqing New Zhongya Aluminum Co., Ltd.; Zhongya Shaped Aluminium (HK) Holding Limited; Karlton Aluminum Company Ltd.; Xinya Aluminum & Stainless Steel Product Co., Ltd. (A.K.A. New Asia Aluminum & Stainless Steel Product Co., Ltd.).	33.28
Alnan Aluminium Co., Ltd	Alnan Aluminium Co., Ltd	32.79
Changshu Changsheng Aluminium Products Co., Ltd	Changshu Changsheng Aluminium Products Co., Ltd	32.79
China Square Industrial Limited	Zhaoqing China Square Industry Limited	32.79
Cosco (J.M.) Aluminium Co., Ltd	Cosco (J.M.) Aluminium Co., Ltd.; Jiangmen Qunxing Hardware Diecasting Co., Ltd.	32.79
First Union Property Limited	Top-Wok Metal Co., Ltd	32.79
Foshan Jinlan Non-ferrous Metal Product Co. Ltd	Foshan Jinlan Aluminium Co. Ltd	32.79
Foshan Sanshui Fenglu Aluminium Co., Ltd	Foshan Sanshui Fenglu Aluminium Co., Ltd	32.79
Guangdong Hao Mei Aluminium Co., Ltd	Guangdong Hao Mei Aluminium Co., Ltd	32.79
Guangdong Weiye Aluminium Factory Co., Ltd	Guangdong Weiye Aluminium Factory Co., Ltd	32.79
Guangdong Xingfa Aluminium Co., Ltd	Guangdong Xingfa Aluminium Co., Ltd	32.79
Hanwood Enterprises Limited	Pingguo Aluminium Company Limited	32.79
Honsense Development Company	Kanal Precision Aluminium Product Co., Ltd	32.79
Innovative Aluminium (Hong Kong) Limited	Taishan Golden Gain Aluminium Products Limited	32.79
Jiangyin Trust International Inc	Jiangyin Xinhong Doors and Windows Co., Ltd	32.79
JMA (HK) Company Limited	Guangdong Jianmei Aluminum Profile Company Limited; Foshan JMA Aluminium Company Limited.	32.79
Kam Kiu Aluminium Products Sdn Bhd	Tai Shan City Kam Kiu Aluminium Extrusion Co., Ltd	32.79
Longkou Donghai Trade Co., Ltd	Shandong Nanshan Aluminum Co., Ltd	32.79

³² See Amended Preliminary Determination Analysis Memo.

³³ *Id.*

³⁴ See Petition Rate Recalculation Memo; see also Comment 1C, Labor Wage Rate in the accompanying Issues and Decision Memorandum.

³⁵ See *Preliminary Determination*; see also *Aluminum Extrusions from the People's Republic of China: Initiation of Antidumping Duty Investigation*, 75 FR 22109 ("Initiation Notice").

³⁶ See Memorandum entitled "Separate-Rates Practice and Application of Combination Rates in

Antidumping Investigations involving Non-Market Economy Countries" dated April 5, 2005, available at <http://ia.ita.doc.gov/policy/index.html>.

Exporter*	Producer	Weighted-average margin
Ningbo Yili Import and Export Co., Ltd	Zhejiang Anji Xinxiang Aluminum Co., Ltd	32.79
North China Aluminum Co., Ltd	North China Aluminum Co., Ltd	32.79
PanAsia Aluminium (China) Limited	PanAsia Aluminium (China) Limited	32.79
Pingguo Asia Aluminum Co., Ltd	Pingguo Asia Aluminum Co., Ltd	32.79
Popular Plastics Co., Ltd	Hoi Tat Plastic Mould & Metal Factory	32.79
Press Metal International Ltd	Press Metal International Ltd	32.79
Shenyang Yuanda Aluminium Industry Engineering Co. Ltd	Zhaoqing Asia Aluminum Factory Company Limited; Guang Ya Aluminum Industries Co., Ltd.	32.79
Tai-Ao Aluminium (Taishan) Co., Ltd	Tai-Ao Aluminium (Taishan) Co., Ltd	32.79
Tianjin Ruixin Electric Heat Transmission Technology Co., Ltd	Tianjin Ruixin Electric Heat Transmission Technology Co., Ltd	32.79
USA Worldwide Door Components (Pinghu) Co., Ltd; World-wide Door Components (Pinghu) Co.	USA Worldwide Door Components (Pinghu) Co., Ltd	32.79
Zhejiang Yongkang Listar Aluminium Industry Co., Ltd	Zhejiang Yongkang Listar Aluminium Industry Co., Ltd	32.79
Zhongshan Gold Mountain Aluminium Factory Ltd	Zhongshan Gold Mountain Aluminium Factory Ltd	32.79
PRC-wide Entity	33.28

* Because Xinya did not export subject merchandise to the United States during the POI, for the final determination, Xinya is not being considered for a separate rate.

Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we are directing U.S. Customs and Border Protection (“CBP”) to continue to suspend liquidation of all imports of subject merchandise entered or withdrawn from warehouse, for consumption on or after the date of publication of the *Preliminary Determination* in the **Federal Register**. We will instruct CBP to require a cash deposit or the posting of a bond equal to the weighted-average amount by which the NV exceeds U.S. price, as follows: (1) The rate for the exporter/producer combinations listed in the chart above will be the rate we have determined in this final determination; (2) for all PRC exporters of subject merchandise which have not received their own rate, the cash-deposit rate will be the PRC-wide rate; and (3) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash-deposit rate will be the rate applicable to the PRC exporter/producer combination that supplied that non-PRC exporter. These suspension-of-liquidation instructions will remain in effect until further notice.

Additionally, as the Department has determined in its concurrent CVD investigation that the merchandise under investigation exported by the Guang Ya Group and New Zhongya benefitted from export subsidies, we will instruct CBP to require an antidumping cash deposit or posting of a bond equal to the weighted-average

amount by which the NV exceeds the U.S. price for the Guang Ya Group/New Zhongya/Xinya, as indicated above, reduced by the simple average of the amounts determined to constitute export subsidies for the Guang Ya Group and New Zhongya (0.26 percent).³⁷ For the separate-rate companies, none of which were selected as respondents in the CVD investigation, we will instruct CBP to reduce the dumping margin by the amount of export subsidies included in the All Others rate from the CVD final determination (42.16 percent), published concurrently with this notice.³⁸

ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (“ITC”) of our final determination of sales at LTFV. As our final determination is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will, within 45 days, determine whether the domestic industry in the United States is materially injured or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an

³⁷ See Aluminum Extrusions from the People’s Republic of China: Final Affirmative Countervailing Duty Determination, and accompanying Issues and Decision Memorandum, dated concurrently with this notice; see also Memorandum: Countervailing Duty Investigation of Aluminum Extrusions from the People’s Republic of China: Derivation of Adverse Facts Available (AFA) Net Subsidy Rate Applied in Final Determination (March 28, 2011).

³⁸ *Id.*

antidumping duty order directing CBP to assess antidumping duties on all imports of the subject merchandise entered or withdrawn from warehouse for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding APO

This notice also serves as a reminder to the parties subject to administrative protective order (“APO”) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination and notice are issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: March 28, 2011.

Ronald K. Lorentzen,
Deputy Assistant Secretary for Import Administration.

Appendix I—List of Issues

I. General Issues

Comment 1: Labor Wage Rate

- A. Whether the Department Should Calculate the Surrogate Value for Labor Using Multiple Surrogate Countries or a Single Country, India
- B. If the Department Continues to Rely on a Basket of Countries, Whether that Data Should Be Limited to 2006 Data Onward and Should Exclude Ecuador
- C. Whether the Department’s Wage Rate Calculation as to the Ukraine is in Error
- D. Whether To Use 2009 GNI Data Because it is Contemporaneous With the POI
- E. Whether To Revise the Department’s “Bookend” Countries Using Absolute Differences in GNI Data

- F. Whether To Use the 2008 Wage Data for the Philippines Rather Than the 2003 Data
- Comment 2: Double Remedies
- Comment 3: Scope of the Antidumping and Countervailing Duty Investigations
- A. Petitioners' Proposed Changes to the Scope
- B. Clarifying Language for Covered Kits and Subassemblies
- C. Certain Special High Purity/High Accuracy OPC Tubes
- D. Shower Doors
- E. Finish Types
- F. Wall Thicknesses of Various Sizes
- G. Heat Sinks
- H. Baluster Kits
- I. Grading Rings
- J. Aluminum Tubes and Fin Evaporator Coils
- Comment 4: Affiliation and Collapsing
- Comment 5: Application of Total AFA
- Comment 6: Whether To Recalculate Billet Consumption Using Partial AFA or Neutral Facts Available
- Comment 7: Whether To Apply Partial AFA To New Zhongya's Constructed Export Price Sales

II. Other Issues

Because the issues identified below have been rendered moot by the Department's Application of Total AFA to the Guang Ya Group/New Zhongya/Xinya Single Entity, we have not responded to these comments for the final determination.

- A. General Issues
 - o Targeted Dumping
 - o Financial Ratios
 - o Surrogate Value for Aluminum Ingots
 - o Surrogate Value for Coating Powders
 - o Surrogate Value for Paints
 - o Surrogate Values for New Factors of Production: Aluminum Billets, Sodium Carbonate, Hydrochloric Acid, and Paints

- o Surrogate Values for Movement Expenses: Foreign Inland Freight, Barge Freight, Foreign Brokerage and Handling, Ocean Freight, U.S. Brokerage and Handling, and U.S. Inland Freight
- B. The Guang Ya Group Issues
 - o Whether To Apply Partial AFA to Channel One Sales
 - o Whether To Recalculate Credit Expenses Using Partial AFA
 - o Whether To Include Bad Debt in Indirect Selling Expenses
 - o Treatment of Sample Sales
 - o Whether To Deduct Discounts from U.S. Price
 - o Whether To Use AFA to Value Alkali Etching
 - o Surrogate Value for Steel Shelves
- C. New Zhongya Issues
 - o Whether To Use New Zhongya's Market Economy Price For Aluminum Ingots
 - o Whether To Recalculate Surrogate Value for Sodium Hydroxide and Ammonium Bifluoride
 - o Whether To Use AFA To Value Aluminum Sealant, Chromaking Agent, Long Life Additive for Alkaline Etching, Deslagging Agent and Refining Agent
 - o Wood Packing Materials
 - o Whether To Value Movement Expenses Using Surrogate Values
 - o Whether To Deduct the Difference Between Freight Costs and Freight Revenue
 - o Whether To Treat Scrap Aluminum Ingot as a Direct Material Rather Than a Scrap Offset
 - o How To Account for the Full Weight of All Packaging Materials
 - o Whether To Value Wood Packing Materials Using AFA

[FR Doc. 2011-7927 Filed 4-1-11; 8:45 am]

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APPENDIX B
LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Aluminum Extrusions from China
Inv. Nos.: 701-TA-475 and 731-TA-1177 (Final)
Date and Time: March 29, 2011 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, D.C.

CONGRESSIONAL APPEARANCES:

The Honorable Sherrod Brown, United States Senator, Ohio
The Honorable Claire McCaskill, United States Senator, Missouri
The Honorable Peter J. Visclosky, U.S. Representative, 1st District, Indiana

OPENING REMARKS:

Petitioners (**Stephen A. Jones**, King & Spalding LLP)
Respondents (**Duane W. Layton**, Mayer Brown LLP)

In Support of the Imposition of **Antidumping and Countervailing Duty Orders:**

King & Spalding LLP
Washington, D.C.
on behalf of

The Aluminum Extrusions Fair Trade Committee
The United Steel, Paper and Forestry,
Rubber, Manufacturing, Energy,
Allied Industrial and Service Workers
International Union ("USW")

Duncan A. Crowdis, President, William L. Bonnell Company, Inc.
Jeffrey S. Henderson, Director of Marketing, Sapa Extrusions, Inc.
Amelia Konesni, Counsel to Sapa Extrusions, Inc., Buchanan Ingersoll & Rooney
PC
Susan D. Johnson, President, Futura Industries Corp.

Lynn Brown, Senior Vice President, Sales and Marketing, Hydro Aluminum North America, Inc.

Linda Andros, Legislative Counsel, USW

Rebecca L. Woodings, Consultant, King & Spalding LLP

Stephen A. Jones) – OF COUNSEL

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:**

Mayer Brown LLP
Washington, D.C.
on behalf of

Aavid Thermalloy, LLC (“Aavid”)

John Mitchell, General Counsel, Aavid

Norm Soucy, Vice President & Director of Global Manufacturing & Supply Chain,
Aavid

Duane W. Layton)
) – OF COUNSEL

Sydney H. Mintzer)

Squire, Sanders & Dempsey (US) LLP
Washington, D.C.
on behalf of

The Shower Door Manufacturers Alliance (“SDMA”)

George Rohde, Chief Executive Officer, Basco Manufacturing Company

Larry Langefels, Chief Financial Officer, Basco Manufacturing Company

Bill Cobb, Chief Executive Officer, Coastal Industries

David M. Spooner)
) – OF COUNSEL

Iain McPhie)

**In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:**

NON-PARTY:

Frost Brown Todd LLC
Lexington, KY
on behalf of

Floturn, Inc. (“Floturn”)

Greg E. Mitchell) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

Petitioners (**Stephen A. Jones**, King & Spalding LLP)
Respondents (**Sydney H. Mintzer**, Mayer Brown LLP; *and*
David M. Spooner, Squire, Sanders & Dempsey (US) LLP)

APPENDIX C
SUMMARY DATA

Table C-1

Aluminum extrusions: Summary data concerning the U.S. market, 2008-10

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data			Period changes		
	2008	2009	2010	2008-10	2008-09	2009-10
U.S. consumption quantity:						
Amount	1,329,528	1,116,235	1,267,452	-4.7	-16.0	13.5
Producers' share (1)	83.7	73.1	75.0	-8.7	-10.5	1.9
Importers' share (1):						
China	6.7	19.0	15.8	9.1	12.3	-3.2
Canada	6.0	5.2	5.5	-0.5	-0.8	0.3
All other sources	3.6	2.7	3.7	0.1	-1.0	1.0
Total imports	16.3	26.9	25.0	8.7	10.5	-1.9
U.S. consumption value:						
Amount	5,706,626	3,796,295	4,606,386	-19.3	-33.5	21.3
Producers' share (1)	83.1	76.1	77.2	-5.8	-7.0	1.1
Importers' share (1):						
China	5.9	14.4	11.7	5.8	8.6	-2.8
Canada	5.8	5.3	5.6	-0.3	-0.5	0.2
All other sources	5.2	4.1	5.5	0.3	-1.1	1.4
Total imports	16.9	23.9	22.8	5.8	7.0	-1.1
U.S. imports from:						
China:						
Quantity	89,043	211,705	200,192	124.8	137.8	-5.4
Value	335,530	547,968	537,498	60.2	63.3	-1.9
Unit value	\$3,768	\$2,588	\$2,685	-28.7	-31.3	3.7
Ending inventory quantity	***	***	***	***	***	***
Canada:						
Quantity	79,885	58,457	69,802	-12.6	-26.8	19.4
Value	333,234	201,876	255,930	-23.2	-39.4	26.8
Unit value	\$4,171	\$3,453	\$3,666	-12.1	-17.2	6.2
Ending inventory quantity	***	***	***	***	***	***
All other sources:						
Quantity	48,283	29,625	46,819	-3.0	-38.6	58.0
Value	297,272	157,506	255,052	-14.2	-47.0	61.9
Unit value	\$6,157	\$5,317	\$5,448	-11.5	-13.6	2.5
Ending inventory quantity	***	***	***	***	***	***
All sources:						
Quantity	217,212	299,788	316,814	45.9	38.0	5.7
Value	966,036	907,350	1,048,479	8.5	-6.1	15.6
Unit value	\$4,447	\$3,027	\$3,309	-25.6	-31.9	9.3
Ending inventory quantity	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued
Aluminum extrusions: Summary data concerning the U.S. market, 2008-10

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton;
period changes=percent, except where noted)

Item	Reported data			Period changes		
	2008	2009	2010	2008-10	2008-09	2009-10
U.S. producers':						
Average capacity quantity	1,802,365	1,725,729	1,747,124	-3.1	-4.3	1.2
Production quantity	1,167,286	848,569	1,019,535	-12.7	-27.3	20.1
Capacity utilization (1)	64.8	49.2	58.4	-6.4	-15.6	9.2
U.S. shipments:						
Quantity	1,112,316	816,447	950,638	-14.5	-26.6	16.4
Value	4,740,590	2,888,945	3,557,906	-24.9	-39.1	23.2
Unit value	\$4,262	\$3,538	\$3,743	-12.2	-17.0	5.8
Export shipments:						
Quantity	36,965	30,493	40,052	8.4	-17.5	31.3
Value	142,483	109,350	156,376	9.8	-23.3	43.0
Unit value	\$3,855	\$3,586	\$3,904	1.3	-7.0	8.9
Ending inventory quantity	48,689	39,224	51,059	4.9	-19.4	30.2
Inventories/total shipments (1)	4.2	4.6	5.2	0.9	0.4	0.5
Production workers	12,217	9,793	9,703	-20.6	-19.8	-0.9
Hours worked (1,000s)	25,740	20,085	20,371	-20.9	-22.0	1.4
Wages paid (\$1,000s)	494,207	384,143	403,442	-18.4	-22.3	5.0
Hourly wages	\$19.20	\$19.12	\$19.81	3.2	-0.4	3.6
Productivity (tons/1,000 hours)	45.7	42.5	50.3	10.2	-7.0	18.4
Unit labor costs	\$421.10	\$450.37	\$394.05	-6.4	7.0	-12.5
Net sales:						
Quantity	1,134,788	824,773	955,696	-15.8	-27.3	15.9
Value	5,120,665	2,955,826	3,726,451	-27.2	-42.3	26.1
Unit value	\$4,512	\$3,584	\$3,899	-13.6	-20.6	8.8
Cost of goods sold (COGS)	4,834,600	2,757,457	3,374,194	-30.2	-43.0	22.4
Gross profit or (loss)	286,065	198,370	352,257	23.1	-30.7	77.6
SG&A expenses	318,188	277,171	272,407	-14.4	-12.9	-1.7
Operating income or (loss)	(32,123)	(78,802)	79,850	(2)	-145.3	(2)
Capital expenditures	187,452	111,313	100,812	-46.2	-40.6	-9.4
Unit COGS	\$4,260	\$3,343	\$3,531	-17.1	-21.5	5.6
Unit SG&A expenses	\$280	\$336	\$285	1.7	19.9	-15.2
Unit operating income or (loss)	(\$28)	(\$96)	\$84	(2)	-237.5	(2)
COGS/sales (1)	94.4	93.3	90.5	-3.9	-1.1	-2.7
Operating income or (loss)/ sales (1)	(0.6)	(2.7)	2.1	2.8	-2.0	4.8

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D
TARIFF TREATMENT

Harmonized Tariff Schedule of the United States (2011)

Annotated for Statistical Reporting Purposes

XV
76-4

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
7604		Aluminum bars, rods and profiles:				
7604.10		Of aluminum, not alloyed:				
7604.10.10	00	Profiles	kg	5%	Free (A,AU,BH,CA, CL,E,IL,J,JO, MA,MX,OM, P,PE,SG)	45%
7604.10.30		Bars and rods:				
		Having a round cross section		2.6%	Free (A*,AU,BH, CA,CL,E,IL,J,JO, MA,MX,OM, P,PE,SG)	11%
	10	With an outside diameter of less than 10 mm	kg			
	50	With an outside diameter of 10 mm or more	kg			
7604.10.50		Other		3%	Free (A*,AU,BH, CA,CL,E,IL,J,JO, MA,MX,OM, P,PE,SG)	13.5%
	30	With a maximum cross-sectional dimension of less than 10 mm	kg			
	60	With a maximum cross-sectional dimension of 10 mm or more	kg			
7604.21.00	00	Of aluminum alloys: Hollow profiles	kg	1.5%	Free (A,AU,BH, CA,CL,D,E,IL,J, JO,MA,MX,OM, P,PE,SG)	15.5%
7604.29		Other:				
7604.29.10	00	Other profiles	kg	5%	Free (A,AU,BH,CA, CL,E,IL,J,JO, MA,MX,OM, P,PE,SG)	45%
7604.29.30		Bars and rods:				
		Having a round cross section		2.6%	Free (A*,AU,BH, CA,CL,E,IL,J,JO, MA,MX,OM, P,PE,SG)	11%
	10	With an outside diameter of less than 10 mm	kg			
	50	With an outside diameter of 10 mm or more	kg			
7604.29.50		Other		3%	Free (A,AU,BH,CA, CL,E,IL,J,JO, MA,MX,OM, P,PE,SG)	13.5%
	30	With a maximum cross-sectional dimension of less than 10 mm	kg			
	60	With a maximum cross-sectional dimension of 10 mm or more	kg			

Harmonized Tariff Schedule of the United States (2011)

Annotated for Statistical Reporting Purposes

XVI
84-24

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
8418 (con.)		Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps, other than the air conditioning machines of heading 8415; parts thereof (con.):				
8418.61.01	00	Other refrigerating or freezing equipment; heat pumps: Heat pumps other than air conditioning machines of heading 8415	No.	Free		35%
8418.69.01	10	Other	No.	Free		35%
	20	Icemaking machines	No.			
	30	Drinking water coolers, self-contained	No.			
	30	Soda fountain and beer dispensing equipment	No.			
	40	Centrifugal liquid chilling refrigerating units	No.			
	50	Reciprocating liquid chilling refrigerating units	No.			
	60	Absorption liquid chilling units	No.			
	80	Other refrigerating or freezing equipment	No.			
8418.91.00	00	Parts: Furniture designed to receive refrigerating or freezing equipment	X	Free		35%
8418.99		Other:				
8418.99.40	00	Door assemblies incorporating more than one of the following: inner panel; outer panel; insulation; hinges; handles	X	Free		35%
8418.99.80		Other		Free		35%
	05	Refrigeration condensing units: Not exceeding 746 W	No.			
	10	Exceeding 746 W but not exceeding 2.2 kW	No.			
	15	Exceeding 2.2 kW but not exceeding 7.5 kW	No.			
	20	Exceeding 7.5 kW but not exceeding 22.3 kW	No.			
	25	Exceeding 22.3 kW	No.			
	50	Other: Parts of combined refrigerator-freezers fitted with separate external doors and parts of household type refrigerators	X			
	60	Other	X			

Harmonized Tariff Schedule of the United States (2011)

Annotated for Statistical Reporting Purposes

XV
76-11

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
7616		Other articles of aluminum:				
7616.10		Nails, tacks, staples (other than those of heading 8305), screws, bolts, nuts, screw hooks, rivets, cotters, cotter pins, washers and similar articles:				
7616.10.10	00	Nails, tacks and staples	kg	5.7%	Free (A,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	45%
7616.10.30	00	Rivets	kg	4.7%	Free (A,AU,B,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	45%
7616.10.50	00	Cotters and cotter pins	kg	5.7%	Free (A,AU,B,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	45%
7616.10.70		Other: Having shanks, threads or holes over 6 mm in diameter		5.5%	Free (A,AU,B,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	45%
	30	Threaded fasteners	kg			
	90	Other	kg			
7616.10.90		Other		6%	Free (A,AU,B,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	45%
	30	Threaded fasteners	kg			
	90	Other	kg			
7616.91.00	00	Other: Cloth, grill, netting and fencing, of aluminum wire	kg	2.5%	Free (A,AU,B,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	45%
7616.99		Other:				
7616.99.10	00	Luggage frames	kg	Free		45%
7616.99.50		Other		2.5%	Free (A,AU,B,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	45%
	20	Laminated goods consisting of 2 or more flat-rolled sheets of aluminum held together with an adhesive or having a core of non-metallic material	kg			
	30	Ladders	No.			
	40	Venetian blinds and parts thereof	X			
	50	Hangers and supports for pipes and tubes	kg			
		Other:				
	60	Castings	kg			
	70	Forgings	kg			
		Other:				
	75	Articles of wire	kg			
	90	Other	kg			

Harmonized Tariff Schedule of the United States (2011)

Annotated for Statistical Reporting Purposes

XV
76-10

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
7615		Table, kitchen or other household articles and parts thereof, of aluminum; pot scourers and scouring or polishing pads, gloves and the like, of aluminum; sanitary ware and parts thereof, of aluminum:				
7615.11.00	00	Table, kitchen or other household articles and parts thereof; pot scourers and scouring or polishing pads, gloves and the like:				
		Pot scourers and scouring or polishing pads, gloves and the like	kg	3.1%	Free (A,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	45.5%
7615.19		Other:				
		Cooking and kitchen ware:				
		Enameled or glazed or containing nonstick interior finishes:				
7615.19.10		Cast		3.1%	Free (A,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	45.5%
	15	Bakeware (cookware not suitable for stove top use)	No. kg			
	25	Other	No. kg			
7615.19.30		Other		3.1%	Free (A*,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	45.5%
	15	Bakeware (cookware not suitable for stove top use)	No. kg			
	25	Other	No. kg			
7615.19.50		Not enameled or glazed and not containing nonstick interior finishes:				
		Cast		3.1%	Free (A,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	45.5%
	20	Bakeware (cookware not suitable for stove top use)	No. kg			
	40	Other	No. kg			
7615.19.70		Other		3.1%	Free (A,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	45.5%
	35	Cookware:				
		Bakeware (cookware not suitable for stove top use)	No. kg			
	45	Other	No. kg			
	60	Other	No. kg			
7615.19.90	00	Other	kg	3.1%	Free (A,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	45.5%
7615.20.00	00	Sanitary ware and parts thereof	kg	3.8%	Free (A,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	45.5%

Harmonized Tariff Schedule of the United States (2011)

Annotated for Statistical Reporting Purposes

XV
76-8

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
7608		Aluminum tubes and pipes:				
7608.10.00		Of aluminum, not alloyed		5.7%	Free (A,AU,B,BH, C1/CA,CL,E,IL, J,JO,MA,MX,OM, P,PE,SG)	45%
	30	Seamless	kg			
	90	Other	kg			
7608.20.00		Of aluminum alloys		5.7%	Free (A,AU,B,BH, C1/CA,CL,E,IL, J,JO,MA,MX,OM, P,PE,SG)	45%
	30	Seamless	kg			
	90	Other	kg			
7609.00.00	00	Aluminum tube or pipe fittings (for example, couplings, elbows, sleeves)	kg	5.7%	Free (A,AU,B,BH, CA,CL,E,IL,J,JO, MA,MX,OM, P,PE,SG)	45%
7610		Aluminum structures (excluding prefabricated buildings of heading 9406) and parts of structures (for example, bridges and bridge-sections, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors, balustrades, pillars and columns); aluminum plates, rods, profiles, tubes and the like, prepared for use in structures:				
7610.10.00		Doors, windows and their frames and thresholds for doors		5.7%	Free (A,AU,BH,CA, CL,E,IL,J,JO, MA,MX,OM, P,PE,SG)	45%
	10	Windows and their frames	kg			
	20	Thresholds for doors	kg			
	30	Other	kg			
7610.90.00		Other		5.7%	Free (A,AU,BH,CA, CL,E,IL,J,JO, MA,MX,OM, P,PE,SG)	45%
	20	Sheet-metal roofing, siding, flooring, and roof guttering and drainage equipment	kg			
	40	Architectural and ornamental work	kg			
	60	Other:				
	80	Mobile homes	kg			
	80	Other	kg			
7611.00.00		Aluminum reservoirs, tanks, vats and similar containers, for any material (other than compressed or liquefied gas), of a capacity exceeding 300 liters, whether or not lined or heat insulated, but not fitted with mechanical or thermal equipment		2.6%	Free (A,AU,BH,CA, CL,E,IL,J,JO, MA,MX,OM, P,PE,SG)	45%
	30	Tanks	No.			
	90	Other	No.			

1/ See additional U.S. note 1 to this chapter.

APPENDIX E

**DATA CONCERNING HEAT SINKS AND COMMENTS REGARDING THE
COMPARABILITY OF FINISHED HEAT SINKS
AND OTHER ALUMINUM EXTRUSIONS**

Table E-1
Finished heat sinks: U.S. producers' summary data, 2008-10

* * * * *

Table E-2
Finished heat sinks: U.S. importers' summary data for imports from China, 2008-10

* * * * *

Table E-3
Heat sink blanks and finished heat sinks: Data for producers in China, 2008-10 and projected 2011-12

* * * * *

**U.S. PRODUCERS' AND U.S. IMPORTERS' COMMENTS REGARDING THE
COMPARABILITY OF FINISHED HEAT SINKS AND OTHER ALUMINUM EXTRUSIONS**

The Commission asked firms to rank (fully, mostly, somewhat, not at all, or no familiarity with the products in question) and then describe the similarities and/or differences between the physical characteristics of finished heat sinks with all other types of aluminum extrusions (including heat sink blanks). Their responses are as follows:

* * * * *

The Commission asked firms to rank (fully, mostly, somewhat, not at all, or no familiarity with the products in question) and then describe the similarities and/or differences between the end uses of finished heat sinks with all other types of aluminum extrusions (including heat sink blanks). Their responses are as follows:

* * * * *

The Commission asked firms to rank (fully, mostly, somewhat, not at all, or no familiarity with the products in question) and then describe the interchangeability between finished heat sinks with all other types of aluminum extrusions (including heat sink blanks). Their responses are as follows:

* * * * *

The Commission asked firms to rank (fully, mostly, somewhat, not at all, or no familiarity with the products in question) the comparability and then describe the differences if any, in the manufacturing process involved with finished heat sinks with all other types of aluminum extrusions (including heat sink blanks). Their responses are as follows:

* * * * *

The Commission asked firms to rank (fully, mostly, somewhat, not at all, or no familiarity with the products in question) and then describe the interchangeability in channels of distribution of finished heat sinks compared to all other types of aluminum extrusions (including heat sink blanks). Their responses are as follows:

* * * * *

The Commission asked firms to rank (fully, mostly, somewhat, not at all, or no familiarity with the products in question) and describe the interchangeability in customers' perceptions of finished heat sinks with all other types of aluminum extrusions (including heat sink blanks). Their responses are as follows:

* * * * *

The Commission asked firms to rank (fully, mostly, somewhat, not at all, or no familiarity with the products in question) and describe any differences in price for finished heat sinks compared with all other types of aluminum extrusions (including heat sink blanks). Their responses are as follows:

* * * * *

APPENDIX F

**U.S. PRODUCERS' ALUMINUM EXTRUSION CAPABILITIES
AND COMMENTS REGARDING CUSTOMER ORDERS**

The Commission requested U.S. producers to answer a number of questions relating to their technical abilities to produce aluminum extrusions, including the number of extrusion presses their firms possess and any other specifications, including billet diameter of their presses and minimum and the maximum wall thickness extrusion their firm is able to produce. In addition to requesting information about U.S. producers' extrusion capabilities, the Commission asked whether these firms have ever turned down an order because of a technical inability to produce (*i.e.*, extrude or draw) the requested products or had to supply customers with the requested products from a third source provider. The Commission also asked whether these firms have ever turned down an order because of factors other than the technical ability to produce the requested products (*e.g.*, batch considerations, order size, finishing capacity, alloy specifications, et cetera). A summary of these responses is reported below.

**Table F-1
Aluminum extrusions: U.S. producers and extrusion capabilities**

* * * * *

U.S. producers were asked whether their firm had ever turned down an order because of a technical inability to produce (*i.e.*, extrude or draw) the requested products or had to supply customers with requested product from a third source provider since January 1, 2008 and if so, to describe these products. Their responses are as follows:

* * * * *

U.S. producers of aluminum were asked whether their firm has ever turned down an order because of factors other than the technical ability to produce the requested products (*e.g.*, batch considerations, order size, finishing capacity, alloy specifications, et cetera) since January 1, 2008 and if so, to describe the situation. Their responses are as follows:

* * * * *

APPENDIX G
SELECTED FINANCIAL INFORMATION BY FIRM

Table G-1

Aluminum Extrusions: Selected financial information on U.S. producers' operations, by firm, 2008-10

* * * * *

Table G-2

Aluminum Extrusions: Capital expenditures, R&D expenses, assets, and return on investment, by firm, 2008-10

* * * * *

APPENDIX H

**ACTUAL AND ANTICIPATED NEGATIVE IMPACT OF IMPORTS
OF ALUMINUM EXTRUSIONS FROM CHINA**

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of aluminum extrusions from China on their firms' growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments.¹

Actual Negative Effects

Aavid	***.
Aerolite Extrusions	***.
Alexandria Extrusion	***.
Arizona Shower Doors	***.
Basco Manufacturing	***.
Benada Aluminum	***.
Bonnell	***.
Bowers Manufacturing	***.
Brazeway	***.
Briteline	***.
Cardinal Shower	***.
Coastal Industries	***.
CommScope	***.
Custom Aluminum	***.
C.R. Laurence	***.
Empire Resources	***.
Extrusions Inc.	***.
Extrusion Technology	***.
Frontier Aluminum	***.
Futura Industries	***.
General Extrusions	***.
Hydro Aluminum	***.
International Extrusions	***.
Keymark	***.
Kaiser	***.
Light Metals	***.
Loxcreen	***.
M&M Metals	***.
M-D Building Products	***.
Michigan Aluminum	***.
Mid-States Aluminum	***.
MI Metals	***.
Minalex	***.
New Age Industrial	***.
Non-Ferrous Extrusions	***.
Peerless of America	***.

¹ ***. E-mail with attachments from *** to USITC auditor, February 18, 2011.

The following companies are not included in the industry's overall financial results (see footnote 1, part VI of this report): ***.

Penn Aluminum	***.
Pennex Aluminum	***.
Pries Enterprises	***.
Profile Extrusion	***.
PSI Industries	***.
Sapa	***.
Sierra Aluminum	***.
Silver City Aluminum	***.
Southeastern	***.
Superior Extrusion	***.
Tower Extrusions	***.
Tri-City Extrusion	***.
Valmont Industries	***.
Vitex Extrusion	***.
Wakefield Solutions	***.
Western Extrusions	***.
YKK AP America	***.

Anticipated Negative Effects

Aavid	***.
Aerolite Extrusions	***.
Alexandria Extrusion	***.
Arizona Shower Doors	***.
Basco Manufacturing	***.
Benada Aluminum	***.
Bonnell	***.
Bowers Manufacturing	***.
Brazeway	***.
Briteline	***.
Cardinal Shower	***.
Coastal Industries	***.
CommScope	***.
Custom Aluminum	***.
C.R. Laurence	***.
Empire Resources	***. ²
Extrusions Inc.	***.
Extrusions Technology	***.
Frontier Aluminum	***.
Futura Industries	***.
General Extrusions	***.
Hydro Aluminum	***.
International Extrusions	***.
Keymark	***.
Kaiser	***.

² ***.

Light Metals	***.
Loxcreen	***.
M&M Metals	***.
M-D Building Products	***.
Michigan Aluminum	***.
Mid-States Aluminum	***.
MI Metals	***.
Minalex	***.
New Age Industrial	***.
Non-Ferrous Extrusions	***.
Peerless of America	***.
Penn Aluminum	***.
Pennex Aluminum	***.
Pries Enterprises	***.
Profile Extrusion	***.
PSI Industries	***.
Sapa	***.
Sierra Aluminum	***.
Silver City Aluminum	***.
Southeastern	***.
Superior Extrusion	***.
Tower Extrusions	***.
Tri-City Extrusion	***.
Valmont Industries	***.
Vitex Extrusion	***.
Wakefield Solutions	***.
Western Extrusions	***.
YKK AP America	***.