

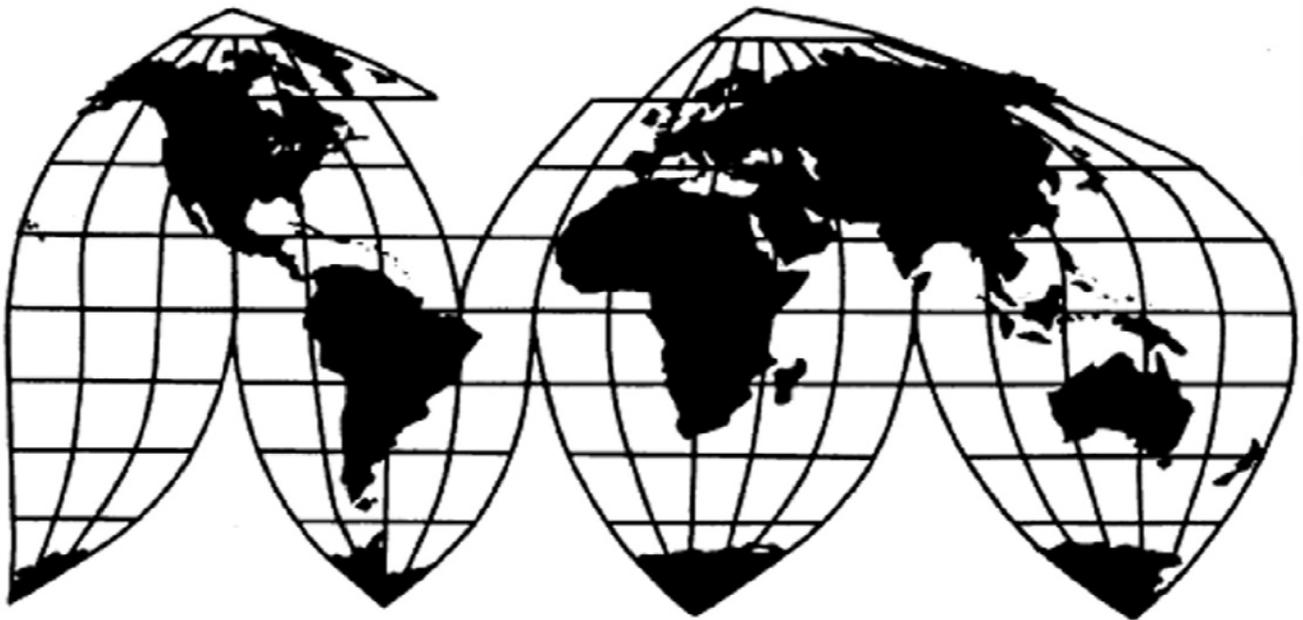
Certain Aluminum Extrusions From China

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

Publication 4153

June 2010

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-475 and 731-TA-1177 (Preliminary)
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 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. §§ 1671b(a) and 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from China of certain aluminum extrusions, provided for in subheadings 7604.21, 7604.29, and 7608.20 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV) and subsidized by the Government of China.

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce (Commerce) of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On March 31, 2010, a petition was filed with the Commission and Commerce by the Aluminum Extrusions Fair Trade Committee² and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV and subsidized imports of certain aluminum extrusions from China. Accordingly, effective March 31, 2010, the Commission instituted countervailing duty investigation No. 701-TA-475 and antidumping duty investigation No. 731-TA-1177 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference 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*

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 The Committee is comprised of the following members: Aerolite Extrusion Company, Youngstown, 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.

of April 6, 2010 (75 FR 17436). The conference was held in Washington, DC, on April 21, 2010, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain aluminum extrusions from China that are allegedly subsidized and sold in the United States at less than fair value.

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.¹ In applying this standard, the Commission weighs the evidence before it and determines whether “(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation.”²

II. BACKGROUND

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”) filed the petition in these investigations.³ Petitioners appeared at the conference and submitted a postconference brief. Brazeway, Inc., a domestic producer of aluminum extrusions that supports imposition of duties but is not a member of the Committee, filed a postconference statement.

Two sets of respondents entered appearances and submitted postconference briefs, but did not participate in the conference. One brief was filed by Zhaoqing Asia Aluminum Factory Co., a Chinese producer of subject merchandise, and China Asia Aluminum USA Corp., an importer of subject merchandise (jointly “Chinese Respondents”). The other brief was filed by Hubbell Power Systems, Inc. (“HPS”), an importer of subject merchandise. Madden Manufacturing Co. (“Madden”), a U.S. purchaser of aluminum extrusions, submitted a postconference statement but did not enter an appearance as a party. Peng Cheng Aluminum Enterprise, Inc. (“Peng Cheng”), an importer of subject merchandise, participated at the conference, but neither entered an appearance as a party nor filed a postconference statement.

The Commission received questionnaire responses from 39 domestic producers, estimated to account for 80 to 85 percent of domestic production of the aluminum extrusions under investigation.⁴ The Commission received usable questionnaire responses from 24 importers, believed to account for 53 to 55 percent of total subject imports from China, and between 46 to 49 percent of U.S. imports of

¹ 19 U.S.C. § 1673b(a) (2000); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Aristech Chem. Corp. v. United States, 20 CIT 353, 354-55 (1996). No party argued that the establishment of an industry is materially retarded by reason of the allegedly unfairly traded imports.

² American Lamb Co., 785 F.2d at 1001; see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

³ 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.

⁴ Confidential Report (CR) at III-1, Public Report (PR) at III-1.

aluminum extrusions from all other sources.⁵ The Commission received questionnaire responses from 12 Chinese producers or exporters of the subject merchandise, which account for an estimated 10 to 12 percent of total production of the merchandise in China, about 35 to 40 percent of subject imports in 2007 and 2008, and about 12 percent of subject imports in 2009.⁶ Among the Chinese producers that did not respond to the foreign producer's questionnaire was Liaoning Zhongwang Group, which identifies itself as the largest producer of aluminum extrusions in China, and was the *** exporter of subject merchandise to the United States during the period examined.^{7 8}

III. 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.”⁹ 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 proportion of the total domestic production of the product.”¹⁰ 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”¹¹

The decision regarding the appropriate domestic like product(s) 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.¹² No single factor is dispositive, and the Commission

⁵ CR/PR at IV-1 n.2.

⁶ CR at VII-2, PR at VII-2.

⁷ CR at VII-5, PR at VII-5; Petitioners Postconference Brief, ex. 3 at 77, ex. 4 at 51.

⁸ Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. See 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties' suggested interpretations of the record evidence. Regardless of the level of participation, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. “In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive.” Uruguay Round Agreements Act Statement of Administrative Action, H.R. Rep. 103-316, vol. I at 869 (1994).

⁹ 19 U.S.C. § 1677(4)(A).

¹⁰ 19 U.S.C. § 1677(4)(A).

¹¹ 19 U.S.C. § 1677(10).

¹² 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
(continued...)

may consider other factors it deems relevant based on the facts of a particular investigation.¹³ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹⁴ Although the Commission must accept the U.S. Department of Commerce's ("Commerce") determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,¹⁵ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁶ The Commission must base its domestic like product determination on the record in these investigations. The Commission is not bound by prior determinations, even those pertaining to the same imported products, but may draw upon previous determinations in addressing pertinent domestic like product issues.¹⁷

B. Product Description

In its notices of initiation, Commerce defined the imported merchandise within the scope of these investigations as follows:

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 made from an aluminum alloy with an Aluminum Association series designation commencing with the

¹² (...continued)
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).

¹³ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

¹⁴ 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.").

¹⁵ 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).

¹⁶ 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 where Commerce found five classes or kinds).

¹⁷ See, e.g., Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp. 2d 1298, 1304-05 (Ct. Int'l Trade 2000); Nippon, 19 CIT at 455; Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int'l Trade 1988); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int'l Trade 1988).

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 aluminum extrusions that are attached (e.g., by welding or fasteners) to form subassemblies, i.e., partially assembled merchandise.

Subject extrusions may be identified with reference to their end use, such as 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.¹⁸

Commerce’s scope definition also contains a fairly lengthy listing of exclusions from the scope.¹⁹

¹⁸ 75 Fed. Reg. 22109, 22113-14 (Apr. 27, 2010) (dumping investigation); 75 Fed. Reg. 22114, 22117-18 (Apr. 27, 2010) (CVD investigation).

¹⁹ Commerce stated as follows:

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

(continued...)

Petitioners contend that the Commission should define a single domestic like product consisting of all aluminum extrusions of the type described in the scope definition.²⁰ No other party asserted a contrary position.²¹

C. Analysis

We examine below whether all aluminum extrusions within the scope should be included within a single domestic like product.

Physical Characteristics and Uses. Extrusions within the scope encompass the 1000, 3000, and 6000 series aluminum alloy extrusions.²² These are considered to be “soft” alloy aluminum extrusions, as opposed to alloys in the 2000, 5000, and 7000 series, which are considered to be “hard” alloys and have been excluded from the scope.²³ The preponderance of domestic production of merchandise within the scope consists of extrusions within the 6000 series of alloys.²⁴ These alloys contain silicon and magnesium. Petitioners describe the 6000 series as easily machined but less malleable than other alloys in the scope.²⁵ Alloys within the 1000 series have the highest percentage of aluminum, and have particularly high thermal and electrical conductivity and excellent corrosion resistance and malleability.²⁶

¹⁹ (...continued)

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, picture frames, and solar panels. The scope also excludes finished goods containing aluminum extrusions that are entered unassembled in a “kit.” A 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.

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.

75 Fed. Reg. at 22114, 22118.

²⁰ Petitioners Postconference Brief at 5-10.

²¹ Although Chinese Respondents express dissatisfaction with what they characterize as the overbreadth of the domestic like product that Petitioners propose, they do not offer any specific alternative. Chinese Respondents Postconference Brief at 3-4.

²² Petition, vol. I at 17.

²³ Tr. at 11 (Jones). The “hard” alloy extrusions excluded from the scope are stronger than “soft” alloy extrusions and tend to focus on low-temperature or aerospace applications. See Petitioners Postconference Brief at 5-6.

²⁴ Tr. at 55 (Crowdis).

²⁵ Petition, vol. I at 17.

²⁶ Petition, vol. I at 17.

Alloys within the 3000 series contain manganese, have greater strength than the other alloys, and also have good malleability and corrosion resistance.²⁷

Extrusions within the scope, regardless of alloy, can be formed into a variety of sizes or shapes. Petitioners estimate that about 15 to 20 percent of extrusions within the scope consist of “standard shapes.”²⁸ Standard shapes are of fixed dimensions.²⁹ The remaining extrusions are “custom shapes.” These are specific and often proprietary to a particular account.³⁰ Domestic extruders have the capability of extruding aluminum into thousands of different shapes, depending on the design of the die used in the extrusion process.³¹ Extrusions can be unfinished (which is called “mill finish”), painted, anodized, brushed, or polished.³²

The principal end-use applications of aluminum extrusions are in the construction, transportation, electrical, consumer durable, and machinery and equipment sectors.³³ There are many distinct individual end-use applications.³⁴ Examples include bath and shower enclosures, windows, storm doors, fencing, manifold blocks for automobiles, solar panels, electrical conduit, flooring trim, and fitness equipment.³⁵ Extrusions of different alloy series may be used for the same general categories of applications; thus, alloys in the 1000, 3000, and 6000 series are all used for electrical applications.³⁶ The record suggests that standard and custom shapes may both be used for the same category of applications.³⁷

Interchangeability. Custom shapes, which constitute the majority of domestic extruders’ production of in-scope merchandise, 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 would be limited by size and cross-dimensional shape; for example, one could not ordinarily use an angle and a tube interchangeably. Petitioners do not dispute that extrusions of different profiles within the scope are not interchangeable with each other.³⁸

²⁷ Petition, vol. I at 17.

²⁸ Petitioners Postconference Brief at 9.

²⁹ Tr. at 81 (Crowdis). For example, Bonnell Aluminum, a member of the Committee whose president testified at the conference, sells 13 different types of standard extrusions. These are angles, channels, I-beams, rectangular bar, rectangular tubes, round rod, round tube, schedule pipe, split tube, square bar, square tubes, tees, and zeeks. See <http://www.bonlalum.com/Login/SalesEng/SEStandardShapes.jsp> (visited and printed April 30, 2010).

³⁰ Tr. at 81 (Crowdis).

³¹ Tr. at 16 (Crowdis).

³² Tr. at 17 (Crowdis). See also CR at I-12, PR at I-9.

³³ Petitioners Postconference Brief, ex. 1 at 7.

³⁴ See generally CR at I-10, PR at I-8.

³⁵ Tr. at 27 (Johnson), 32 (Brown), 61 (Henderson), 70 (Brown), 101 (Brown); <http://www.futuraind.com/product-examples> (visited and printed April 30, 2010).

³⁶ Tr. at 87 (Jones), 88 (Brown).

³⁷ For example, one domestic industry witness at the conference cited a proprietary window frame design as an example of a custom shape, Tr. at 81 (Crowdis), but window frames and sashes are also among the standard shape products on which the Commission collected pricing data in its questionnaire. See CR at V-4, PR at V-3. Additionally, in some instances standard shapes may be customized to the particular requirements of an individual customer. See Investigator Trip Notes (May 3, 2010) (EDIS Doc. 425645).

³⁸ Petition, vol. I at 17.

Channels of Distribution. Aluminum extrusions within the scope are sold both directly to end users and to distributors. Most domestically produced product is sold directly to end users.³⁹ Although distributors at one point stocked primarily standard shapes, they now distribute both custom and standard shapes and provide design assistance to end users seeking to purchase custom shapes.⁴⁰

Manufacturing Facilities, Production Processes, and Production Employees. Aluminum extrusions are principally produced from aluminum billet. The 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.⁴¹ Thus, the shape of the die will dictate the shape of the extrusion.⁴² After emerging from the die, the extrusion is cooled, stretched, cut, aged, and finished.⁴³ All extrusions within the scope – including both standard and custom extrusions – are produced using the same facilities and the same equipment.⁴⁴

Producer and Customer Perceptions. Publicly available materials not prepared for these investigations indicate that U.S. producers of in-scope merchandise commonly reference the product that they produce as “aluminum extrusions.”⁴⁵

Price. Pricing of domestically produced aluminum extrusions reflects the price of the primary aluminum used as raw material plus conversion costs. Products with more complicated finishing tend to be more expensive than products that are less highly finished.⁴⁶

Analysis. All in-scope aluminum extrusions are made from similar raw materials with similar qualities and are produced on the same equipment at the same facilities. The information available in the preliminary phase of these investigations indicates that industry participants perceive the product category they produce to be “aluminum extrusions.” There is an overlap among different types of extrusions in channels of distribution.

It is true that the in-scope extrusions have many different end uses, and that there is a lack of interchangeability among the thousands of different shapes of extrusions. Nevertheless, the current record does not indicate any clear dividing line between categories of in-scope products with similar end uses, and no party has suggested that such a dividing line exists. Rather, the product in these investigations appears to be one where models of several different alloys and finishes and many different

³⁹ CR/PR, Table II-1.

⁴⁰ Tr. at 81-82 (Crowdis).

⁴¹ CR at I-11, PR at I-9.

⁴² Tr. at 16 (Crowdis).

⁴³ CR at I-10, PR at I-9.

⁴⁴ Tr. at 86 (Henderson). Additionally, the record indicates that no domestic producer produces at the same facility both soft alloy aluminum extrusions and the hard alloy aluminum extrusions that are excluded from the scope. Petitioners Postconference Brief at 5-6; Tr. at 50 (Crowdis, Henderson, Brown).

⁴⁵ There is an international trade organization called the Aluminum Extrudes Council. www.aec.org (visited and printed May 5, 2010). The Aluminum Association, a national trade association, identifies on its website 12 distinct types of products, one of which is “extrusions.”

<http://www.aluminum.org/Content/NavigationMenu/TheIndustry/Extrusions/default.htm> (visited and printed April 30, 2010). The websites of each of the four Committee members whose officials testified at the conference identify the pertinent product these firms produce as “aluminum extrusions.” See

<http://www.bonlalum.com/Login/SIsMfg/about-bonnell-aluminum.jsp> (visited and printed April 30, 2010);

<http://www.futuraind.com/about-futura> (visited and printed April 30, 2010);

<http://www.sapagroup.com/en/Operations/Profiles/> (visited and printed April 30, 2010);

<http://www.hydro.com/en/Subsites/North-America/Products-and-services/Custom-extrusions/> (visited and printed April 30, 2010).

⁴⁶ CR at I-14, PR at I-11.

shapes and sizes constitute a continuum without any clear breaking point. In such circumstances, the Commission has generally declined to subdivide the continuum into multiple like products.⁴⁷ Accordingly, we find that all aluminum extrusions within the scope constitute a single domestic like product.

IV. DOMESTIC INDUSTRY

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.”⁴⁸ 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.⁴⁹ Exclusion of such producers is within the Commission’s discretion based upon the facts presented in each investigation.

The record indicates that three domestic producers are subject to possible exclusion under the related parties provision. Domestic producers *** are each related parties because each firm imported subject merchandise during the period examined.⁵⁰ *** are also related parties because each firm’s parent owns an exporter of subject merchandise in China.⁵¹ Petitioners, the only party to brief the issue, assert

⁴⁷ See, e.g., Certain Steel Nails from China and the United Arab Emirates, Inv. Nos. 731-TA-1114-1115 (Preliminary), USITC Pub. 3939 at 8 (Aug. 2007); Carbon and Certain Alloy Steel Wire Rod from China, Germany, and Turkey, Inv. Nos. 731-TA-1099-1101 (Preliminary), USITC Pub. 3832 at 11 (Jan. 2006).

⁴⁸ 19 U.S.C. § 1677(4)(A).

⁴⁹ 19 U.S.C. § 1677(4)(B).

⁵⁰ See 19 U.S.C. § 1677(4)(B)(i); CR/PR, Table III-4. *** was the *** largest domestic producer during the period examined, accounting for *** percent of domestic production from 2007 to 2009. It is a member of the Committee and supports the petition. CR/PR, Table III-1. *** was *** domestic producer during the period examined, accounting for *** percent of domestic production from 2007 to 2009. It is a member of the Committee and supports the petition. *Id.* *** was the *** largest domestic producer during the period examined, accounting for *** percent of domestic production from 2007 to 2009. It *** the petition. *Id.*

⁵¹ See 19 U.S.C. § 1677(4)(B)(ii)(III), CR at III-4, PR at III-4. Domestic producers *** purchased imports from China, although neither firm imported subject merchandise directly. CR/PR, Table III-4. The Commission considers a purchaser of subject imports to be a related party only if it controls large volumes of imports. This will occur when the domestic producer was responsible for a predominant portion of an importer’s purchases and the importer’s purchases were substantial. See, e.g., Certain Cut-to-Length Steel Plate from the Czech Republic, France, India, Indonesia, Italy, Japan, Korea, and Macedonia, Inv. Nos. 701-TA-387-392 and 731-TA-815-822 (Preliminary), USITC Pub. 3181 at 12 (April 1999); Certain Brake Drums and Rotors from China, Inv. No. 731-TA-744 (Final), USITC Pub. 3035 at 10 n.50 (April 1997).

***, *** Producer’s Questionnaire, response to question II-13. ***, *** Producer’s Questionnaire, response to question II-13. Each firm’s purchases were relatively modest; ***. See Producers’ Questionnaires, response to question II-13; CR, Table IV-2. In light of the modest volumes of purchases and each firm’s use of multiple suppliers, we find that neither firm controlled large volumes of subject imports. Consequently, we find that neither *** is a related party.

that they are unaware of any circumstances that would warrant exclusion of any producer from the domestic industry pursuant to the related parties provision.⁵²

We find that appropriate circumstances do not exist to exclude any of the related party producers from the domestic industry. For all three related party producers, the ratio of subject imports to domestic production declined during the period examined; *** of the three imported *** subject merchandise during 2009 even though 2009 was the year when subject import volume and market penetration were greatest.⁵³ Additionally, the ratios of subject imports to domestic production were very low for the three companies, never exceeding 10 percent for any producer in one year, and exceeding 5 percent in only one instance.⁵⁴ This would indicate that the principal interest of each of the related parties is in domestic production. Additionally, no domestic producer opposes the petition.⁵⁵

Further, while related party *** arguably imported subject merchandise to benefit from lower prices,⁵⁶ the record does not indicate that its importations shielded it from the effects of the subject imports. This is because of the small quantities of subject merchandise that it imported and the fact that its imports fell in 2009 when subject imports surged overall.^{57 58}

Accordingly, we define the domestic industry to include all U.S. producers of those aluminum extrusions defined in the scope.

V. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS⁵⁹

A. Legal Standard

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially

⁵² Petitioners Postconference Brief, ex. 1 at 19.

⁵³ *** imports of subject merchandise declined from *** short tons in 2007 to *** short tons in 2008, and it had *** short tons of subject imports in 2009. Its ratio of subject imports to domestic production was *** percent in 2007, *** percent in 2008, and *** in 2009. CR/PR, Table III-4. Imports of subject merchandise reported by *** declined from *** short tons in 2007 to *** short tons in 2008, and then declined further to *** short tons in 2009. Its ratio of subject imports to domestic production declined from *** percent in 2007 to *** percent in 2008 and *** percent in 2009. *Id.* *** imports of subject merchandise declined from *** short tons in 2007 to *** short tons in 2008, and then declined further to *** short tons in 2009. Its ratio of subject imports to domestic production declined from *** percent in 2007 to *** percent in 2008 and *** in 2009. *Id.* See also CR/PR, Table IV-2.

⁵⁴ CR/PR, Table III-4.

⁵⁵ CR/PR, Table III-1.

⁵⁶ *** stated that it imported subject merchandise ***. CR at III-10, PR at III-4. By contrast, *** stated that the imports of subject merchandise it reported were ***, and *** stated that it imported subject merchandise ***. CR at III-12, PR at III-7.

⁵⁷ There is also no indication that *** benefit from their relationships with affiliated subject producers.

⁵⁸ Chairman Aranoff has based her determination not to exclude related parties *** principally on their low ratios of subject imports to domestic shipments and other evidence that their primary interests lie in domestic production.

⁵⁹ Negligibility under 19 U.S.C. § 1677(24) is not an issue in these investigations. During the 12-month period prior to filing of the petition, subject imports from China accounted for 73 percent of total imports of aluminum extrusions. CR at IV-3 n.3, PR at IV-1 n.3.

injured or threatened with material injury by reason of the imports under investigation.⁶⁰ 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.⁶¹ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁶² In assessing whether there is a reasonable indication that 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.⁶³ 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.”⁶⁴

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is “materially injured by reason of” unfairly traded imports,⁶⁵ 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.⁶⁶ 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.⁶⁷

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 nonsubject 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 the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.⁶⁸ In performing its examination, however, the Commission need not

⁶⁰ 19 U.S.C. §§ 1671b(a), 1673b(a).

⁶¹ 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 ... {a}nd explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

⁶² 19 U.S.C. § 1677(7)(A).

⁶³ 19 U.S.C. § 1677(7)(C)(iii).

⁶⁴ 19 U.S.C. § 1677(7)(C)(iii).

⁶⁵ 19 U.S.C. §§ 1671b(a), 1673b(a).

⁶⁶ 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’g 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

⁶⁷ 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).

⁶⁸ Statement of Administrative Action (“SAA”) on Uruguay Round Agreements Act (“URAA”), H.R. Rep. 103-
(continued...)

isolate the injury caused by other factors from injury caused by unfairly traded imports.⁶⁹ 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 nonsubject imports, which may be contributing to overall injury to an industry.⁷⁰ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁷¹

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.”^{72 73} Indeed, the

⁶⁸ (...continued)

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.

⁶⁹ 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, Inv. 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.”).

⁷⁰ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁷¹ 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.”).

⁷² 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.

⁷³ 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 nonsubject imports, albeit without reliance on presumptions or rigid formulas. Mittal explains as follows:

What Bratsk held is that “where commodity products are at issue and fairly traded, price-competitive, nonsubject imports are in the market,” the Commission would not fulfill its obligation to consider an

(continued...)

Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁷⁴

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 nonsubject 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 nonsubject imports.⁷⁵ The additional “replacement/benefit” test looked at whether nonsubject 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 nonsubject imports or other factors to subject imports.⁷⁶ 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 nonsubject 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.^{77 78}

⁷³ (...continued)

important aspect of the problem if it failed to consider whether nonsubject 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.

⁷⁴ 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.”).

⁷⁵ Mittal Steel, 542 F.3d at 875-79.

⁷⁶ 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).

⁷⁷ Commissioner Lane also refers to her dissenting views in Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Final), USITC Pub. 4040 (Oct. 2008), for further discussion of Mittal Steel.

⁷⁸ 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 nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject 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 nonsubject imports.

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 standard. Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.⁷⁹

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

1. Demand Conditions

There are many distinct uses for aluminum extrusions, with the largest U.S. end-use sectors being construction, transportation, electrical, and consumer durable goods.⁸⁰ The main indicators that domestic producers monitor for business conditions in the aluminum extrusion industry are employment, housing starts, and gross domestic product (GDP). The first two of these indicators have declined since 2007, and GDP was essentially flat in 2008 and declined in 2009.⁸¹

Reflecting these declines in economic factors, apparent U.S. consumption of aluminum extrusions declined during the period examined, which encompasses calendar years 2007 through 2009. The quantity of apparent U.S. consumption fell from 1.42 million short tons in 2007 to 1.25 million short tons in 2008, and then declined further to 1.06 million short tons in 2009.⁸²

Because most aluminum extrusions sold in the United States are engineered for particular applications, except in rare circumstances no other products can be immediately substituted for aluminum extrusions. Several products can be substituted for aluminum extrusions, however, in the design phase of the product cycle.⁸³

2. Supply Conditions

There are many U.S. producers of aluminum extrusions. The petition identified 104 potential U.S. producers in addition to the eleven members of the Committee.⁸⁴ The Commission received questionnaire responses from 39 producers, estimated to account for between 80 and 85 percent of U.S.

⁷⁹ 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.”).

⁸⁰ Petitioners Postconference Brief, ex. 1 at 7.

⁸¹ CR at II-6, PR at II-4; CR/PR, Figure II-1.

⁸² CR/PR, Table IV-3. At the conference, domestic industry witnesses indicated that demand for some end-use applications may move independently of national economic trends. For example, demand for extrusions to be used as frames for solar panels is increasing. Tr. at 106 (Johnson). Respondents similarly argue that demand for particular end-use applications rose during the period examined. See Chinese Respondents Postconference Brief at 9-10. Nevertheless, consistent with our usual practice, we give principal weight to the product-wide consumption data discussed below. In any event, for each of the six largest sector categories for which the Aluminum Association collects data, shipments declined from 2007 to 2008 and were lower during the first three quarters of 2009 than the comparable period in 2008. Petitioners Postconference Brief, ex. 1 at 7.

⁸³ CR at II-7, PR at II-5.

⁸⁴ Petition, exs. I-1, I-2.

production of the domestic like product.⁸⁵ Members of the domestic industry vary greatly in size. The largest extruder, Committee member Sapa Extrusions, accounted for *** percent of reported U.S. production during the period examined, has twelve facilities in nine states, and employs approximately 2800 people.⁸⁶ By contrast, 22 of the responding producers individually accounted for less than 1 percent of reported domestic production.⁸⁷

There have been several changes in domestic production facilities during the period examined. Nine U.S. producers reported that they closed a total of 16 plants.⁸⁸ On the other hand, a few firms expanded or upgraded production facilities.⁸⁹ In 2009 Sapa expanded its operations by acquiring the assets of Indalex, a former U.S. producer of aluminum extrusions that filed for chapter 11 bankruptcy.⁹⁰

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 fell, however, from 81.9 percent in 2007 to 71.7 percent in 2009.⁹¹

At the conclusion of the period examined, China was the second largest supplier of aluminum extrusions to the U.S. market after the domestic industry. Chinese producers' share of the quantity of apparent U.S. consumption increased from 8.0 percent in 2007 to 20.1 percent in 2009.⁹² As previously discussed, the information available about the Chinese industry is incomplete, because the majority of the industry, including the largest producer, did not respond to the Commission's foreign producer's questionnaire.

The percentage of the quantity of apparent U.S. consumption supplied by nonsubject sources declined from 10.2 percent in 2007 to 8.3 percent in 2009.⁹³ The majority of nonsubject imports throughout the period examined were from Canada.⁹⁴

3. Other Conditions

Raw materials costs accounted for over 60 percent of domestic producers' total cost of goods sold in 2009, and primary aluminum is the main raw material used to create aluminum extrusions.⁹⁵ Primary aluminum is globally traded in markets such as the London Metal Exchange (LME).⁹⁶ LME aluminum prices fluctuated substantially over the period examined, increasing by 24 percent between January 2007 and June 2008, decreasing by 64 percent between June 2008 and February 2009, and then increasing by 126 percent between February 2009 and April 2010; the April 2010 price was marginally above the January 2007 price.⁹⁷

⁸⁵ CR at III-1, PR at III-1.

⁸⁶ CR/PR, Table III-1; Tr. at 21 (Henderson).

⁸⁷ CR/PR, Table III-1.

⁸⁸ CR at III-6, PR at III-5.

⁸⁹ CR at III-6-7, PR at III-5.

⁹⁰ CR at III-6-7, PR at III-5.

⁹¹ CR/PR, Table IV-3.

⁹² CR/PR, Table IV-3.

⁹³ CR/PR, Table IV-3.

⁹⁴ CR/PR, Table IV-2.

⁹⁵ CR at V-1, PR at V-1.

⁹⁶ CR at V-1, PR at V-1.

⁹⁷ CR/PR at V-1, Figure V-1.

Domestic extruders have little ability to negotiate or change their primary aluminum costs.⁹⁸ Thus, their price negotiations with purchasers tend to focus on the extrusion or “conversion” costs.⁹⁹

Producers and importers agree that aluminum extrusions, regardless of source, are highly interchangeable. U.S. producers and importers compared aluminum extrusions from the United States, China, Canada, and other nonsubject sources. For each comparison, substantial majorities of both producers and importers indicated that products from different sources were always or frequently interchangeable.¹⁰⁰ In addition, most producers and importers perceive that price differences play a significant role in purchase and sales decisions.¹⁰¹ In light of this and the perceptions of high interchangeability between products, we find for purposes of these preliminary phase investigations that price plays an important role in purchasing decisions.¹⁰²

C. 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.”¹⁰³

Notwithstanding a decline from 2007 to 2008, subject imports increased sharply in both absolute and relative terms during the period examined. The quantity of subject imports from China declined from 113,150 short tons in 2007 to 90,085 short tons in 2008, then more than doubled to 212,717 short tons in 2009.¹⁰⁴

⁹⁸ Tr. at 31 (Brown), Petitioners Postconference Brief at 21.

⁹⁹ Petitioners Postconference Brief at 21-22.

¹⁰⁰ CR/PR, Table II-2.

¹⁰¹ In their questionnaire responses, 26 of 31 responding U.S. producers and 13 of 24 responding importers reported that differences other than price were “never” or only “sometimes” a significant factor in sales of the domestic like product as compared to the subject imports. CR/PR, Table II-3. This would indicate that most producers and importers perceive price differences to be significant in making sales.

¹⁰² Respondents assert that factors other than price, such as product range, quality, and availability, are important to purchasing decisions, and that non-price differences exist between the domestic like product and the subject imports. See Chinese Respondents Postconference Brief at 10-11; HPS Postconference Brief at 5-6; Tr. at 174-76 (Boland). In any final phase investigations, we will issue purchasers’ questionnaires which will seek further information both as to whether there are significant non-price differences between products from different sources and whether any such differences play an important role in purchasing decisions. To facilitate data collection and analysis, parties and other market participants should identify specifically the type of products they are referencing when they assert that there are differences between the subject imports and the domestic like product in terms of product range, availability, or quality. Similarly, they should fully describe any circumstances in which they could not obtain products they needed from the domestic industry.

¹⁰³ 19 U.S.C. § 1677(7)(C)(i).

¹⁰⁴ CR/PR, Table IV-2. Because importers’ questionnaire coverage was not complete, import data are based on U.S. Customs data for the primary HTS numbers for aluminum extrusions. Of the data reported in the questionnaire responses, 92.3 percent of reported quantities entered under these primary HTS numbers. CR/PR at IV-1 & n.1. Chinese Respondents argue that the Commission should recognize what they characterize as limitations in the official import data, U.S. importer’s questionnaire data, and U.S. producer’s questionnaire data. Chinese Respondents Postconference Brief at 5-8. The Commission’s determinations in this preliminary phase of the investigations are based on what we determine to be the most accurate and comprehensive facts available. Chinese Respondents may propose in their comments on the draft final phase questionnaires alternative ways in which they believe the Commission can collect data from U.S. producers and importers that would result in more complete

(continued...)

Because the 2009 surge in subject import volumes occurred during a time of declining apparent U.S. consumption, the increase in subject import market penetration was even more dramatic. The subject imports' share of apparent U.S. consumption, measured by quantity, declined from 8.0 percent in 2007 to 7.2 percent in 2008, and then soared to 20.1 percent in 2009.¹⁰⁵

The bulk of the subject imports' increase in market penetration from 2007 to 2009 came at the expense of the domestic industry. During this period, the subject imports' market penetration increased by 12.1 percentage points and that of the domestic industry declined by 10.2 percentage points.¹⁰⁶

For purposes of the preliminary phase of these investigations, we conclude that the subject import volume and the increase in that volume are significant both in absolute terms and relative to consumption in the United States.

D. 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.¹⁰⁷

In these preliminary phase investigations, the Commission collected quarterly pricing data on five products. For 2009, the pricing data accounted for approximately 9.3 percent of U.S. producers' shipments of aluminum extrusions, 5.8 percent of U.S. shipments of subject imports, and 3.7 percent of U.S. shipments of nonsubject imports from Canada.¹⁰⁸

The subject imports were priced lower than the domestic like product in 51 out of 54 quarterly pricing comparisons.¹⁰⁹ Underselling margins for the subject imports were particularly high in 2009, the year when subject import volume and market penetration showed the greatest increases. Of the 19 quarterly pricing comparisons between the domestic like product and subject imports during 2009, 18 involved underselling by the subject imports, 16 involved underselling margins of at least 10 percent, and 11 involved underselling margins of at least 20 percent.¹¹⁰ Because price is an important consideration in purchasing decisions, we find this pervasive underselling at frequently high margins to be significant.

¹⁰⁴ (...continued)
coverage of the domestic industry and the subject imports.

¹⁰⁵ CR/PR, Table IV-3.

¹⁰⁶ CR/PR, Table IV-3.

¹⁰⁷ 19 U.S.C. § 1677(7)(C)(ii).

¹⁰⁸ CR at V-4-5, PR at V-4. The nature of the product under investigation imposes substantial limitations on potential pricing coverage. As discussed in section III.C. above, aluminum extrusions can be made in thousands of shapes, and the great majority of the domestic industry's shipments consists of custom shapes that are often specific to a particular account and application. We invite parties commenting on the draft final phase questionnaires to suggest specific pricing products that would increase coverage while still permitting comparisons of similar domestically produced and imported products.

¹⁰⁹ CR/PR, Table V-7.

¹¹⁰ CR/PR, Tables V-1-5. By contrast, of the 35 quarterly comparisons between the subject imports and the domestic like product during 2007 and 2008, seven involved underselling margins of over 20 percent. Id.

Additionally, there were 11 confirmed lost sales allegations.¹¹¹ Some of the purchasers who confirmed lost sales allegations specifically cited the lower prices of the Chinese product.¹¹² This provides further evidence of the significance of the low prices of the subject imports. The pervasive underselling and evidence of lost sales lead us to conclude that subject imports gained market share during the period examined at the expense of the domestic industry through aggressive pricing.

Prices for each of the domestically produced products on which the Commission collected data fluctuated during the period examined, and the timing and magnitude of the fluctuations varied from product to product. Nevertheless, for all five products, the final price observation during the fourth quarter of 2009 was lower than the initial price observation during the first quarter of 2007.¹¹³ As discussed in section V.B.3., raw material costs account for the majority of the domestic industry's cost of goods sold, and primary aluminum is the principal raw material used in producing aluminum extrusions. Thus, primary aluminum costs influence the price of aluminum extrusions. Nevertheless, price trends for aluminum extrusions at the conclusion of the period examined did not simply mirror primary aluminum price trends. Between the fourth quarter of 2008 and the fourth quarter of 2009 (which is the final quarter for which pricing data were collected), the average quarterly LME price for primary aluminum increased by 36 percent.¹¹⁴ During the same period, prices for four out of the five domestically produced pricing products declined.¹¹⁵ For purposes of the preliminary phase of these investigations, we find that these price declines, occurring while the volume of subject imports that are highly interchangeable with the domestic like product increased sharply, provide some evidence of price depression.^{116 117}

E. Impact of the Subject Imports¹¹⁸

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."¹¹⁹ These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment,

¹¹¹ CR/PR, Table V-8.

¹¹² See CR at V-27, V-31, PR at V-12, V-14.

¹¹³ CR/PR, Tables V-1-5.

¹¹⁴ See LME Pricing Data (EDIS Doc. 425668).

¹¹⁵ CR/PR, Tables V-1-2, V-4-5. The price increase for the only product that experienced an increase during this period was ***. CR/PR, Table V-3.

¹¹⁶ Commissioner Pinkert does not find evidence of price depression on the record of these investigations.

¹¹⁷ During any final phase investigations, we intend to explore further the relationship between primary aluminum prices and prices for aluminum extrusions. Specifically, we will examine the mechanisms extruders may use to adjust the prices they charge to their purchasers to reflect changes in their primary aluminum costs, and how quickly these mechanisms operate. Additionally, as previously stated, extruders' price negotiations with purchasers focus on "conversion" costs (in other words, the price component independent of raw material costs). We intend to explore further in any final phase investigations trends for the component of extruders' prices reflecting such "conversion" costs.

¹¹⁸ In its notice initiating an antidumping investigation on aluminum extrusions from China, Commerce reported estimated dumping margins ranging from 32.57 percent to 33.32 percent. 75 Fed. Reg. at 22112.

¹¹⁹ 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.")

ability to raise capital, research and development, and factors affecting domestic prices. 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.”¹²⁰

Most domestic industry performance indicators declined during the period examined, with declines being particularly severe when subject import volume surged in 2009. Domestic producers’ capacity declined from 1.73 million short tons in 2007 to 1.67 short tons in 2008 and 1.58 million short tons in 2009.¹²¹ As previously stated, numerous producers have closed production facilities since 2007, and 22 of the 39 reporting producers experienced prolonged shutdowns or production curtailments.¹²²

Production declined during the period examined, with the sharpest production drops occurring in 2009. Domestic producers’ production fell from 1.18 million short tons in 2007 to 1.06 million short tons in 2008, and then declined further to 785,626 short tons in 2009. Notwithstanding the declines in capacity, capacity utilization fell from 68.3 percent in 2007 to 63.5 percent in 2008 and 49.6 percent in 2009.¹²³

Domestic producers’ U.S. shipments followed trends similar to production, falling from 1.16 million short tons in 2007 to 1.03 million short tons in 2008 and 758,746 short tons in 2009.¹²⁴ The 34.8 percent decline in the quantity of U.S. shipments from 2007 to 2009 was greater than the 25.6 percent decline in apparent U.S. consumption during the same period.¹²⁵ Consequently, the domestic producers’ share of apparent U.S. consumption also fell, declining from 81.9 percent in 2007 to 71.7 percent in 2009.¹²⁶

The number of production and related workers declined from 12,407 in 2007 to 10,611 in 2008 and 7,929 in 2009.¹²⁷ Hours worked also fell from 23,486 in 2007 to 21,915 in 2008 and 16,103 in 2009.¹²⁸ Hourly wages, by contrast, increased each year while productivity was stable throughout the period examined.¹²⁹

The industry’s declines in output and market share over the period examined corresponded with declines in sales revenues on both an absolute and unit basis.¹³⁰ The declines in unit sales revenues from 2007 to 2009 largely tracked declines in unit raw materials costs, which in turn reflected trends in primary

¹²⁰ 19 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 (Preliminary), USITC Pub. 3155 at 25 n.148 (Feb. 1999).

¹²¹ CR/PR, Table III-2.

¹²² CR at III-6, PR at III-5.

¹²³ CR/PR, Table III-2.

¹²⁴ CR/PR, Table III-3. The overwhelming proportion of the domestic industry’s U.S. shipments were commercial shipments. The domestic industry’s exports increased from 2007 to 2009, but exports constituted no more than 3.7 percent of total shipments at any point during the period examined. Id.

End-of-period inventories fell from 47,331 short tons in 2007 to 45,602 short tons in 2008 and 37,194 short tons in 2009. Inventories increased as a ratio to production from 4.0 percent in 2007 to 4.3 percent in 2008 and 4.7 percent in 2009. CR/PR, Table III-5.

¹²⁵ CR/PR, Table C-1.

¹²⁶ CR/PR, Table IV-3.

¹²⁷ CR/PR, Table III-6.

¹²⁸ CR/PR, Table III-6.

¹²⁹ CR/PR, Table III-6.

¹³⁰ CR/PR, Tables VI-1, VI-2.

aluminum costs.¹³¹ Nevertheless, because output declined, producers were forced to spread fixed and administrative costs over a smaller quantity of production. This contributed to increases in per unit other factory costs, and led to increases in per unit selling, general, and administrative cost (which rose noticeably in 2009).¹³² Increases in these costs led to lower operating margins, although we observe that the decrease in operating margin from 2008 to 2009 was modest. The industry's operating ratio declined from positive 2.3 percent in 2007 to negative 1.2 percent in 2008 and negative 2.1 percent in 2009. By 2009, 18 of the 34 reporting producers sustained operating losses.¹³³

We conclude that the increasing volumes of low-priced subject imports that undersold the domestic like product took sales volumes and revenues away from the domestic industry. The domestic industry's declines in production, domestic shipments, and sales revenues were far sharper in 2009, the year when subject import volume and market penetration increased most dramatically, than in 2008, a year in which subject import volume and market penetration actually declined.¹³⁴ These output and revenue declines have, in turn, contributed to the domestic industry's closing of production facilities as well as its observed declines in employment and operating performance.

We have considered whether there are other factors that may have had an adverse impact on the domestic industry during the period examined. We recognize that the significant decline in apparent U.S. consumption over the period examined had a role in the domestic industry's deteriorating performance. Nevertheless, as previously noted, the decline in the domestic industry's shipments from 2007 to 2009 was greater than the decline in apparent U.S. consumption. Indeed, although apparent U.S. consumption declined in 2008 and 2009 by roughly comparable amounts, the declines in domestic producers' production, U.S. shipments, and employment were far greater in 2009, when subject import volume and market penetration increased sharply and the subject imports pervasively undersold the domestic like product at often very high margins, than in 2008.¹³⁵ By the same token, the domestic industry's loss of market share to the subject imports, whose volume increased in 2009 notwithstanding demand trends, is not a function of reduced demand. Consequently, notwithstanding demand declines, the subject imports were an independent cause of the domestic industry's declines in performance.

¹³¹ CR/PR, Table VI-2, Figure V-1.

¹³² CR/PR, Table VI-2. The increase in per unit other factory costs also reflects increases in energy costs and some company-specific non-recurring charges. See CR at VI-6-7, PR at VI-4.

¹³³ CR/PR, Table VI-1. We have also examined the industry's capital and research and development expenses. Capital expenditures increased from \$96.3 million in 2007 to \$145.8 million in 2008 and then declined to \$62.1 million in 2009. Research and development expenses declined from \$15.5 million in 2007 to \$12.0 million in 2008, and then declined further to \$11.0 million in 2009. CR/PR, Table VI-3.

¹³⁴ See CR/PR, Tables III-2, III-3, IV-3, VI-1.

¹³⁵ Commissioner Pinkert does not join this sentence.

We have also examined the impact of nonsubject imports.¹³⁶ Unlike the subject imports, nonsubject imports declined in both absolute and relative terms. The quantity of nonsubject imports declined from 144,990 short tons in 2007 to 127,221 short tons in 2008 and 87,367 short tons in 2009.¹³⁷ Nonsubject imports' share of the quantity of apparent U.S. consumption, which remained stable at 10.2 percent in 2007 and 2008, declined to 8.3 percent in 2009.¹³⁸ The information available in the record further indicates that imports from Canada, the largest nonsubject source, sold at higher prices than the domestic like product in the majority of comparisons. This is in contrast to the subject imports, which undersold the domestic product in the majority of comparisons.¹³⁹ Thus, any material injury we have found to be by reason of subject imports cannot be attributed to nonsubject imports.

Consequently, we conclude for purposes of these preliminary phase investigations that there is a causal nexus between the subject imports and the observed declines in domestic industry performance. In light of this, we determine that there is a reasonable indication that the domestic industry is materially injured by reason of the subject imports.

CONCLUSION

For the foregoing reasons, and based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of allegedly dumped and subsidized aluminum extrusions from China.

¹³⁶ Based on the record evidence in the preliminary phase of these investigations, Commissioner Pinkert finds that price competitive, nonsubject imports were a significant factor in the U.S. market during the period under examination. Regardless of whether aluminum extrusions constitute a commodity product for purposes of this analysis, however, he finds that, had the subject imports exited the market during the period, nonsubject imports would not have replaced them without benefit to the domestic industry. There is no information in the record of this preliminary phase to indicate that nonsubject imports could have increased to match the highest level of the subject imports during the period. CR/PR at Table IV-3. Moreover, as noted in the text above, Canada was the largest source of nonsubject imports, and imports from Canada sold at higher prices than imports from China (and even at higher prices than the domestic like product in the majority of comparisons). Thus, even if nonsubject imports had replaced the subject imports, the record indicates that antidumping relief would likely have benefited the domestic industry through higher prices.

¹³⁷ CR/PR, Table IV-2.

¹³⁸ CR/PR, Table IV-3.

¹³⁹ CR/PR, Tables V-1, V-2, V-4, V-5.

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 (75 FR 17436, April 6, 2010).
April 21, 2010	Commission’s conference. ¹
April 27, 2010	Commerce’s notice of initiation of antidumping duty investigation (75 FR 22109).
April 28, 2010	Commerce’s notice of initiation of countervailing duty investigation (75 FR 22114, April 27, 2010).
May 14, 2010	Commission’s vote.
May 17, 2010	Commission’s determinations transmitted to Commerce.
May 24, 2010	Commission’s views transmitted to Commerce.

¹ A list of witnesses appearing at the conference is presented in app. B 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

¹ The Committee is comprised of the following members: Aerolite Extrusion Company, Youngstown, 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.

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

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, alleged 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 \$3.6 billion in 2009, of which 74.6 percent was sales of U.S.-produced extrusions. Imports from subject sources accounted for 15.4 percent of the U.S. market by value in 2009, while imports from nonsubject sources accounted for 10.0 percent of the U.S. market by value. During its preliminary phase investigations, the Commission received questionnaire responses from 39 U.S. producers, 27 U.S. importers, and 12 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). 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 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.

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged Subsidies

On April 28, 2010, Commerce initiated its countervailing duty investigation concerning aluminum extrusions from China.³ Commerce indicated it would be investigating two preferential loan and interest rate programs, 13 income tax programs, four other tax programs, eight grant programs, three allegations of government provisions of goods and services for less than adequate remuneration, and one allegation of government purchases of goods for more than adequate remuneration. 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.

Alleged Sales at LTFV

On April 27, 2010, Commerce initiated its antidumping investigation concerning aluminum extrusions from China.⁴ The estimated dumping margins for Chinese firms selling aluminum extrusions in the U.S. market range from 32.57 to 33.32 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.

³ *Aluminum Extrusions from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 73 FR 22114, April 27, 2010.

⁴ *Aluminum Extrusions from the People's Republic of China: Initiation of Antidumping Duty Investigation*, 73 FR 22109, July 27, 2010.

THE SUBJECT MERCHANDISE

Commerce's Scope⁵

The merchandise covered by these investigations 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 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

⁵ Ibid.

attached (e.g., by welding or fasteners) to form subassemblies, i.e., partially assembled merchandise.

Subject extrusions may be identified with reference to their end use, such as 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 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 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, picture frames, and solar panels. The scope also excludes finished goods containing aluminum extrusions that are entered unassembled in a “kit.” A 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.

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.

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. While HTS subheadings are provided for convenience and customs purposes, the written description of the scope in this proceeding is dispositive. Tariff Treatment.

Tariff Treatment

Commerce’s scope highlights the relevant HTS numbers for these investigations. Most subject merchandise is imported under subheadings 7604.21, 7604.29, and 7608.20 of the HTS. In response to Commission questionnaires, 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. Most U.S. importers indicated that only subject merchandise is imported under the primary HTS numbers, therefore based on information gathered in the preliminary phase of these investigations it appears that official Commerce import statistics for the primary HTS numbers largely represent the merchandise subject to these investigations. 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. Table I-1 presents information on the applicable tariff rates for the primary HTS numbers for aluminum extrusions.

Table I-1
Aluminum extrusions: Applicable tariffs, 2010

Article	description ¹	General ²	Special	Column 2 ³
		Rates (percent ad valorem)		
7604	Aluminum bars, rods and profiles: ...			
	Of aluminum alloys:			
7604.21.0000	Hollow profiles	1.5%	Free ⁴	15.5%
	Other:			
7604.29.1000	Other profiles	5%	Free ⁴	45%
	Bars and rods:			
	Having a round cross section:			
7604.29.3010	With an outside diameter of less than 10 mm	2.6%	Free ⁴	11%
7604.29.3050	With an outside diameter of 10 mm or more	2.6%	Free ⁴	11%
	Other			
7604.29.5030	With a maximum cross-sectional dimension of less than 10 mm	3%	Free ⁴	13.5%
7604.29.5060	With a maximum cross-sectional dimension of 10 mm or more	3%	Free ⁴	13.5%
	...			
7608	Aluminum tubes and pipes: ...			
	Of aluminum alloys:			
7608.20.0030	Seamless	5.7%	Free ⁴	45%
7608.20.0090	Other	5.7%	Free ⁴	45%

¹ An abridged description is provided for convenience. However, an unabridged description is available from the respective headings, subheadings, and legal notes of the 2010 U.S. Harmonized Tariff Schedule available online at <http://hts.usitc.gov>.

² Normal trade relations rate applicable to imports from China.

³ Applies to imports from a small number of countries that do not enjoy normal or preferential trade relations duty status.

⁴ Zero tariffs are applied to the eligible imports of these products from most but not all free trade agreement partner countries of the United States. See <http://hts.usitc.gov> for the list of countries for each tariff line for which duty free treatment applies.

Source: Harmonized Tariff Schedule of the United States (2010).

DOMESTIC LIKE PRODUCT

The Commission's decision regarding the appropriate domestic products that are "like" the subject imported product is based on a number of factors, including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price. Petitioners argue that the Commission should find a single like product co-extensive with Commerce's scope.⁶ One respondent counsel raises generic concerns over the basket nature of defining the domestic like product as all aluminum extrusions, but does not argue for any specific break-out for the purposes of the Commission's preliminary determinations.⁷

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. The scope also 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 7.⁸ Figure I-1 presents images of some of the aluminum extrusions subject to these investigations.

Extrusion is also 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,⁹ and other chemical and paint finishes.

⁶ Petitioners' postconference brief, p. 3.

⁷ Zhaoqing Asia's postconference brief, p. 3.

⁸ 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.

⁹ 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.

Figure I-1
Aluminum extrusions: Images



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

Aluminum extrusions are used in a wide variety of applications. Major end-use applications for aluminum extrusions as defined by the Aluminum Extruders Council¹⁰ 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 extrusions¹¹ 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)

¹⁰ <http://www.aec.org/>

¹¹ Petitioners' postconference brief, p. 3.

in the production of downstream products. The petitioner argues 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.¹²

Manufacturing Facilities and Production Employees

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 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

¹² Ibid.

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.
- **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.

All aluminum extrusions are produced on the same equipment and use the same workers regardless of the end use. No other products other than aluminum extrusions are produced on the same equipment (*i.e.*, the aluminum extrusion presses).¹³ All producers provide some additional finishing or fabrication to mill-finished products and according to industry officials there may be a small universe of third-party finishers or fabricators that are contracted by the end user.¹⁴

Interchangeability

Within the continuum of products that make up aluminum extrusions, different shapes of soft-alloy aluminum extrusions are not completely interchangeable with each other, *e.g.*, applications that require a tube will likely not be able to use profiles, extrusions designed to fit the machinery of a specific end user may never be produced for another customer, and so on. Additionally, specific end-users may also require certain performance criteria, *e.g.*, extrusions used for structural purposes in construction may not be interchangeable with extrusions used for non-structural purposes.

Customer and Producer Perceptions

U.S. producers perceive the production of aluminum extrusions (*i.e.*, owning and operating an aluminum extrusion press) to be the defining characteristic of their industry regardless of the market

¹³ Conference transcript, p. 50 (Brown).

¹⁴ Conference transcript, p. 64 (Brown).

sectors that an individual extruder may focus on. Producers have the ability to create almost any extrusion for any industry depending on the aluminum billet used as the material feedstock and the design of the die used for the extrusion. The petitioners claim that customers also consider the industry to be the universe of aluminum extrusions (as opposed to specific end use sectors),¹⁵ while one respondent counsel claims that customers perceive products based on the specific end use industry.¹⁶

Channels of Distribution

Aluminum extrusions are sold both directly to end users (primarily producers of other products) and distributors. Historically, more of the standardized extrusions were sold through distributors than directly to end users; however, industry officials indicate that currently there is less distinction in the channels of distribution between standardized extrusions and customized ones.¹⁷

Price

The price of aluminum extrusions largely reflects the price of primary aluminum plus the cost of conversion.¹⁸ Among the continuum of products subject to these investigations, the degree of finishing (*e.g.*, anodized products are generally more expensive than mill finished products)¹⁹ and fabrication (*e.g.*, a mill-worked extrusion that has been cut-to-length, drilled, and crimped will be slightly more expensive than an unprocessed extrusion) will add value and be reflected in the price. But generally the bulk of aluminum extrusions are priced within a range that differs only slightly based on the finishing and fabrication involved.²⁰

¹⁵ Conference transcript, pp. 51-52 (Crowdis).

¹⁶ Zhaoqing Asia's postconference brief, p. 3.

¹⁷ Conference transcript, pp. 81-82 (Crowdis).

¹⁸ Conference transcript, pp. 30-31 (Brown).

¹⁹ Conference transcript, p. 171 (Boland).

²⁰ Conference transcript, p. 56 (Brown).

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

U.S. MARKET CHARACTERISTICS

Fourteen of the 35 responding U.S. producers and seven of 22 responding importers reported selling certain aluminum extrusions nationally. Of the remaining responding firms 12 producers and seven importers reported selling to the Northeast, 18 producers and nine importers reported selling to the Midwest, 19 producers and eight importers reported selling to the Southeast, 11 producers and four importers reported selling to the Southwest, one importer and eight producers reported selling in the Mountain region, and one importer and nine producers reported selling in the Pacific Coast region.

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, the share of shipments of U.S.-produced certain aluminum extrusions to end users increased from 75.1 in 2007 to 77.8 in 2009, with the rest of the shipments to distributors. The share of reported U.S. shipments of U.S. imports from China made to end users increased irregularly from 65.3 percent in 2007 to 70.0 percent in 2009, while the share of reported U.S. shipments of U.S. imports from countries other than China made to end users decreased from 81.6 percent in 2007 to 76.2 percent in 2009.

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 ability to produce alternate products.

Industry capacity

U.S. producers' capacity utilization decreased from 68.3 percent in 2007 to 49.6 percent in 2009. This level of capacity utilization indicates that U.S. producers have unused capacity with which they could increase production of aluminum extrusions in the event of a price change.

Alternative markets

Exports by the U.S. producers, as a share of total shipments, increased from 2.0 percent in 2007 to 3.7 percent in 2009. These data indicate that 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.

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, 2007-09**

Item	Period		
	2007	2008	2009
Share of reported shipments (percent)			
Domestic producers' U.S. shipments of aluminum extrusions to:			
Distributors	24.9	25.3	22.2
End users	75.1	74.7	77.8
U.S. importers' U.S. shipments of aluminum extrusions from China:			
Distributors	34.7	39.5	30.0
End users	65.3	60.5	70.0
U.S. importers' U.S. shipments of aluminum extrusions from all other countries to:			
Distributors	18.4	20.1	23.8
End users	81.6	79.9	76.2
Note.—Data for domestic producers include only U.S. commercial shipments.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Inventory levels

The ratio of end-of-period inventories to total shipments for the U.S. producers increased from 4.0 percent in 2007 to 4.7 percent in 2009. These data indicate that 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.

Production alternatives

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 produce products other than aluminum extrusions on their equipment and machinery.

Supply constraints

None of 34 responding U.S. producers indicated that they had refused, declined, or been unable to supply aluminum extrusions since January 2007.

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

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. The main contributing factors to the high degree of responsiveness of supply are the availability of unused capacity, the existence of alternate markets, and somewhat limited ability to use inventories; supply responsiveness is constrained by the somewhat limited ability to produce alternate products.

Industry capacity

Chinese producers' capacity utilization increased from 62.7 percent in 2007 to 63.8 percent in 2009. This level of capacity utilization indicates that Chinese producers have unused capacity with which they could increase production of aluminum extrusions in the event of a price change.

Alternative markets

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 85.8 percent of total shipments in 2007 to 92.0 percent in 2009. Thus, available data indicate that 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.

Inventory levels

The ratio of end-of-period inventories to total shipments for the Chinese producers increased from 5.4 percent in 2007 to 6.8 percent in 2009. These data indicate that Chinese producers have a somewhat limited ability to use inventories as a means of increasing shipments of aluminum extrusions to the U.S. market.

Production alternatives

Three of 12 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 can produce screen, handle, and heatsink on the same machinery. Chinese producer (***) indicated that it could produce 2000, 5000, and 7000 series aluminum extrusions on the same equipment, while Chinese producer (***) indicated that it could produce aluminum extrusions not subject to this investigation on its machinery and equipment.

Supply constraints

Four of the 24 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; tight supply for aluminum frame for solar battery panel in the last 12-24 months; shipment delay due to vessel congestion; local trucking problems; and the inability to obtain paint supply from the U.S. suppliers on time.

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 factors are the lack of products that can be immediately substituted for aluminum extrusions.

Demand Characteristics

As described in more detail in Part I, certain 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.³ According to petitioner, the wide and varied uses of aluminum extrusions are due to their combination of such desirable performance characteristics as high strength, low weight, high corrosion-resistance, and relative workability and/or machineability.⁴

Petitioners indicate that demand for aluminum extrusions in the United States has been declining.⁵ Thirty-two of 34 responding producers and 17 of 23 responding importers indicated that U.S. demand had decreased since 2007. Only one importer reported increased demand and the remaining two producers and five importers either reported that demand fluctuated or had not changed. Most firms reported that demand declined because of the economic downturn or reduced construction.

Nine of 14 producers and eight of 13 importers also reported demand outside the United States had declined because of the economic downturn. Four importers and three producers reported demand outside the United States had increased because of increased demand for solar battery panels, increased demand in the China and developing markets, and production using aluminum extrusions moving to low cost regions. The remaining two producers and one importer reported demand outside the U.S. was either unchanged or had fluctuated.

Petitioners indicated that the top economic indicators they monitor for business conditions in the aluminum extrusion industry are employment, housing starts, and gross domestic product.⁶ Total nonfarm employment decreased by 5 percent between January 2007 and April 2010 (see figure II-1). Also, seasonally adjusted housing starts decreased by 56 percent between January 2007 and March 2010. Real GDP growth in United States was 2.1 in 2007, 0.4 percent in 2008, and -2.4 percent in 2009.⁷

Business Cycles

Twenty-two of 34 responding producers and 12 of 22 responding importers indicated that the aluminum extrusions 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.

Thirteen of 25 responding producers and 10 of 15 responding importers indicated that these distinctive business cycles or conditions of competition for aluminum extrusions have changed since January 2007. 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 company's bankruptcies; supply chain management exacerbating the business cycle and

³ Petition Vol. 1, p. 8.

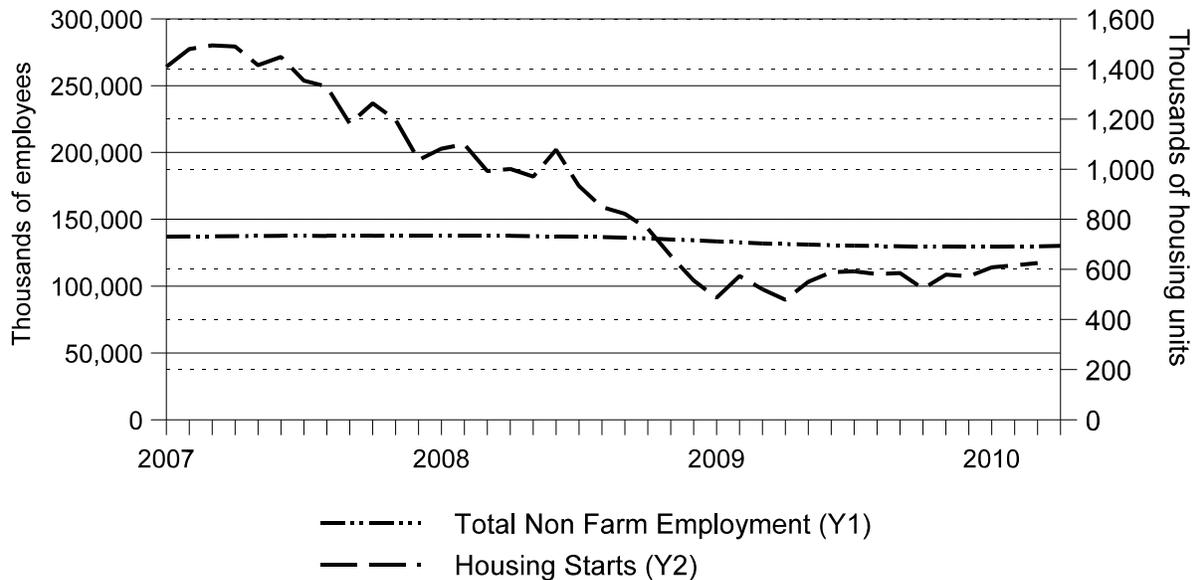
⁴ Ibid.

⁵ Petition Vol. 1, pp. 16, 19, and 28.

⁶ Conference transcript, pp. 78-79 (Crowdis and Henderson).

⁷ Bureau of Economic Activity, downloaded April 30, 2010.

Figure II-1
Employment and housing starts: Total nonfarm employment in the United States, seasonally adjusted and seasonally adjusted housing starts monthly, January 2007-April 2010



Source: U.S. Census Bureau, Manufacturing, Mining and Construction Statistics, Construction Spending and Bureau of Labor Statistics (retrieved April 30, 2010).

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 than can be immediately substituted for aluminum extrusions, although substitutes can be developed over the product cycle.⁸ Although it is rare, some very small applications, such as high tension cable connectors, switch back and forth between using steel and aluminum on a monthly basis.⁹

Fifteen of 27 responding producers and two of 22 responding importers indicated that there are 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. Six of 15 responding producers and both responding importers reported that these substitutes affected 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, and furniture to 70 percent or more for aluminum conduit, mounting systems for solar collectors, and storm shutters. U.S. producer and

⁸ Conference transcript, pp. 102-104 (Henderson, Brown, and Crowdis).

⁹ Conference transcript, p. 103 (Crowdis).

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.¹⁰

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

Petitioners indicated that price is usually the most important factor to purchasers of aluminum extrusions.¹¹ 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.¹² 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 many, but probably not all customers.¹³ 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.¹⁴ 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.¹⁵ 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.¹⁶

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.¹⁷ 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 their demand due to limited manufacturing capabilities (at that time) and timing issues.¹⁸

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

¹⁰ Conference transcript, p. 101 (Brown).

¹¹ Conference transcript, pp. 24, 95 (Henderson, Crowdis).

¹² Conference transcript, p. 23-24 (Henderson).

¹³ Conference transcript, pp. 94-95 (Crowdis).

¹⁴ Conference transcript, p. 94 (Johnson).

¹⁵ Conference transcript, pp. 95 (Henderson).

¹⁶ Conference transcript, pp. 184 (Boland).

¹⁷ Respondent Hubbell Power Systems’ postconference brief, p. 9.

¹⁸ Respondent Hubbell Power Systems’ postconference brief, p. 5.

demand for profiles, tubes, or pipes with less than 1mm thick walls.¹⁹ However, petitioners insist that they do not know of any products that the U.S. industry cannot produce that Chinese producers can produce.²⁰

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

In order to determine whether U.S.-produced aluminum extrusions can generally be used in the same applications as imports from China, U.S. producers and U.S. importers were asked whether the products can “always,” “frequently,” “sometimes,” or “never” be used interchangeably. As shown from table II-2, 30 of the 31 responding producers and 20 of the 24 responding importers indicated that aluminum extrusions produced in the United States and imported from China are “always” or “frequently” used interchangeably. 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.

All producers and at least 80 percent of the responding importers reported that aluminum extrusions produced in the United States and imported from nonsubject countries are “always” or “frequently” used interchangeably. All but one responding producer and over 80 percent of importers reported that aluminum extrusions imports from China, Canada, and other nonsubject countries compared to imports from each other and other countries are “always” or “frequently” used interchangeably.

As indicated in table II-3, 26 of 31 responding U.S. producers and 13 of 24 responding importers 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. Three-quarters of the responding U.S. producers and almost two-thirds of responding importers indicated that differences other than price between aluminum extrusions produced in the United States and aluminum extrusions imported from nonsubject countries were at most “sometimes” a significant factor in their sales. Over 80 percent of responding U.S. producers and over half of responding importers indicated that differences other than price between aluminum extrusions at most “sometimes” a significant factor in their sales in comparisons from China, Canada, and other nonsubject countries.

¹⁹ Respondent Zhaoqing’s postconference brief, p.10.

²⁰ Conference transcript, pp. 108-109 (Crowdis, Johnson).

Table II-2**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			
	A	F	S	N	A	F	S	N
U.S. vs. other countries:								
U.S. vs. China	27	3	1	0	15	5	2	2
U.S. vs. Canada	26	2	0	0	10	5	1	0
U.S. vs. other nonsubject	23	3	0	0	11	5	3	0
Nonsubject countries comparisons:								
China vs. Canada	21	2	0	0	8	0	1	0
China vs. other nonsubject	20	3	0	0	10	2	1	0
Canada vs. other nonsubject	19	2	1	0	8	0	1	0
Note.--A = Always, F = Frequently, S = Sometimes, N = Never. Source: Compiled from data submitted in response to Commission questionnaires.								

Table II-3**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			
	A	F	S	N	A	F	S	N
U.S. vs. other countries:								
U.S. vs. China	3	2	12	14	4	7	9	4
U.S. vs. Canada	2	3	8	13	1	2	4	3
U.S. vs. other nonsubject	3	1	8	11	3	2	5	4
Nonsubject countries comparisons:								
China vs. Canada	3	0	7	9	0	2	3	2
China vs. other nonsubject	1	2	4	10	1	4	2	4
Canada vs. other nonsubject	2	0	5	9	0	1	2	3
Note.--A = Always, F = Frequently, S = Sometimes, N = Never. Source: Compiled from data submitted in response to Commission questionnaires.								

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 alleged margin of dumping and alleged 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 39 firms that accounted for the vast majority of U.S. production of aluminum extrusions over the period examined.

U.S. PRODUCERS

Of the 39 firms that responded to the Commission's questionnaires, none opposed the petition, while 35 firms supported the petition (representing more than 96 percent of reported production during the period) and four firms took no position on the petition (representing less than 4 percent of reported production during the period). U.S. producer data gathered in the preliminary phase of these investigations cover an estimated 80 to 85 percent of the U.S. industry.²¹ Table III-1 lists U.S. producers of aluminum extrusions, their production locations, positions on the petition, production, and shares of reported production over the period for which data were collected.

**Table III-1
Aluminum extrusions: U.S. producers of aluminum extrusions, their positions on the petition, production locations, production, and shares of reported production, January 2007 to December 2009**

Firm	Position on petition ¹	Production location(s)	Total production (short tons)	Share of production (percent)
Aerolite Extrusion Company	Support, petitioner	Boardman, OH Youngstown, OH	***	***
Aisin Light Metals, LLC	***	Marion, IL	***	***
Alexandria Extrusion Company	Support, petitioner	Alexandria, MN	***	***
Astro Shapes, Inc.	***	Struthers, OH	***	***
Benada Aluminum of Florida, Inc.	Support, petitioner	Medley, FL	***	***
Brazeway, Inc	***	Hopkinsville, KY Shelbyville, IN	***	***
Custom Aluminum Products, Inc.	***	South Elgin, IL	***	***

Table continued on next page.

²¹ This estimate is based on comparing the reported quantity of U.S. producers' U.S. shipments gathered from questionnaire responses and information provided in the petition using data from the Aluminum Association. See the petition, exh. 4, attachment A. Counsel to Zhaoqing Asia claimed that U.S. producer coverage was inadequate based on a comparison to the data contained in the U.S. Census Bureau's 2008 Annual Survey of Manufacturers (ASM). See Zhaoqing Asia's post-conference brief, p. 8. Questionnaire data indicate that U.S. producers' total shipments account for approximately 61 percent of what is reported in the ASM. The ASM data, however, include sales of both hard and soft-alloy aluminum extrusions, therefore coverage is likely higher than this comparison at the 6-digit NAICS code would suggest.

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, January 2007 to December 2009

Firm	Position on petition¹	Production location(s)	Total production (short tons)	Share of production (percent)
Empire Resources Extrusions, LLC	***	Baltimore, MD (idled)	***	***
Extruders, Inc.	***	Wylie, TX	***	***
Extrusions, Inc.	***	Fort Scott, KS	***	***
Frontier Aluminum Corporation	Support, petitioner	Corona, CA	***	***
Futura Industries Corporation	Support, petitioner	Clearfield, UT	***	***
General Extrusions, Inc.	***	Youngtown, OH	***	***
Hydro Aluminum North America, Inc.	Support, petitioner	Belton, SC Kalamazoo, MI Monett, MO North Liberty, IN Phoenix, AZ Sidney, OH St. Augustine, FL	***	***
International Extrusions, Inc.	***	Garden City, MI	***	***
Kaiser Aluminum Corporation	Support, petitioner	Bellwood, VA Los Angeles, CA Sherman, TX Tulsa, OK	***	***
Leed-Himmel Industries	***	Hamden, CT	***	***
Light Metals Corporation	***	Wyoming, MI	***	***
M-D Building Products, Inc.	***	Gainesville, FA Oklahoma City, OK	***	***
MI Metals, Inc.	***	Millersburg, PA Oldsmar, FL Prescott Valley, AZ Smyrna, TN	***	***
Mid-States Aluminum Corp.	***	Fond du Lac, WI	***	***
Minalex Corporation	***	Whitehouse Station, NJ	***	***
Patrick Aluminum Incorporated	***	Mishawaka, IN	***	***
Peerless of America, Inc.	***	Effingham, IL	***	***
Penn Aluminum International, LLC	***	Harlingen, TX Murphysboro, IL	***	***
Pennex Aluminum Company, LLC	***	Wellsville, PA	***	***

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, January 2007 to December 2009

Firm	Position on petition¹	Production location(s)	Total production (short tons)	Share of production (percent)
Pries Enterprises, Inc.	***	Independence, IN	***	***
Profile Extrusion Company	Support, petitioner	Phoenix, AZ Rome, GA	***	***
Richardson Metals, Inc.	***	Colorado Springs, CO	***	***
Sapa Extrusions, Inc.	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	***	***
Service Center Metals, LLC	***	Prince George, VA	***	***
Silver City Aluminum Corporation	***	Taunton, MA	***	***
The William L Bonnell Company, Inc. ("Bonnell")	Support, petitioner	Carthage, TN Kentland, IN Newnan, GA	***	***
Tower Extrusions, Ltd.	***	Olney, TX	***	***
Valmont Industries	***	Elkhart, IN	***	***
Vitex Extrusion, LLC	***	Franklin, NH	***	***
Wakefield Solutions, Inc.	***	Pelham, NH	***	***
Western Extrusions Corporation	Support, petitioner	Carrollton, TX	***	***
YKK AP America, Inc.	***	Dublin, GA	***	***
Total			3,028,351	100.0
¹ Indicates position on both the dumping and subsidy allegations unless otherwise indicated.				
Source: Compiled from data submitted in response to Commission questionnaires.				

Based on questionnaire data, U.S. production of aluminum extrusions is moderately concentrated. The four firm concentration ratio for the data presented in table III-1 calculates out to 59 percent, which indicates a moderate or medium industry concentration. Sapa Extrusions alone accounts for more than *** of reported U.S. production, while the petitioning firms account for just over two-thirds of reported U.S. production.

Two of the responding U.S. producers (***)²² and (***)²³ are related to producers of aluminum extrusions in China.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

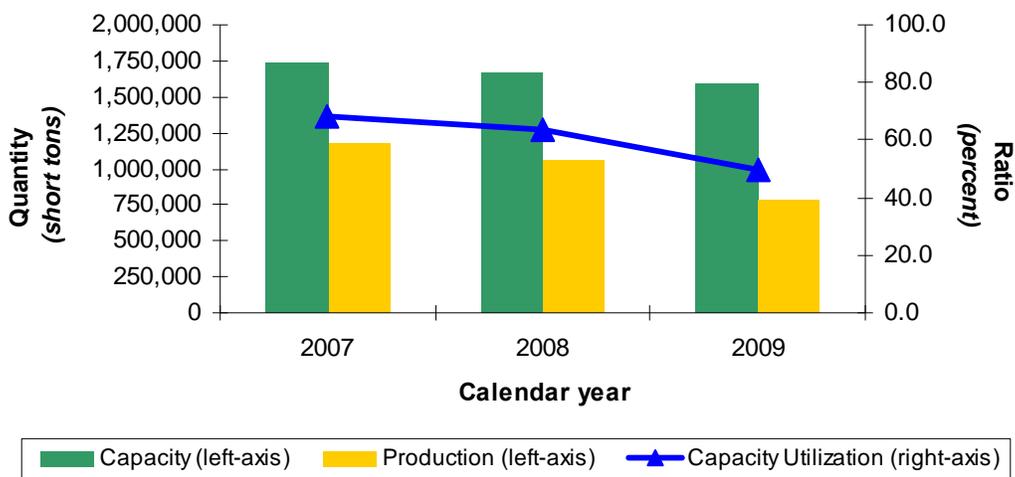
Table III-2 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Over the period examined, both production capacity and actual production fell. By 2009, U.S. producers were operating at just under half of their estimated average production capacity, down from two-thirds utilization in 2007. For most U.S. producers, capacity is based on operating at 120 hours a week for between 50 and 52 weeks a year.

Table III-2
Aluminum extrusions: U.S. producers' production, capacity, and capacity utilization, 2007-09

Item	Calendar year		
	2007	2008	2009
Quantity (short tons)			
Capacity	1,730,651	1,671,426	1,582,980
Production	1,181,968	1,060,757	785,626
Capacity utilization (percent)			
Capacity utilization	68.3	63.5	49.6

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

Figure III-1
Aluminum extrusions: U.S. producers' production, capacity, and capacity utilization, 2007-09



Source: Table III-2.

²² The Chinese producer *** is owned by the same parent company ***.

²³ The Chinese producer *** is owned by the same parent company ***. ***. ***.

Over the period examined, nine U.S. producers indicated that they closed 16 aluminum extrusion plants. *** indicated it closed an extrusion plant. *** 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 ***. *** completely closed its extrusion operations in *** in December 2008. *** indicated it closed three extrusion plants over the period examined including: a facility in *** in July 2007; 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. *** indicated it closed an aluminum extrusion facility in *** in the second half of 2008. *** closed its *** facility in May 2009. *** indicated that the following plant locations were closed over the period examined: ***. *** closed a specialty extrusion plant in ***.

In addition to the outright plant closures discussed above, 22 U.S. producers indicated that their operations experienced prolonged shutdowns or production curtailments at over 30 different locations during the period examined. Most of these prolonged shutdowns or production curtailments occurred in second half of 2008 and in calendar year 2009, which corresponds to a period of both lower domestic demand and increased supply of Chinese product in the market place. The various firms responded in different ways to these conditions ranging from idling specific presses, consolidating operations, laying off workers, reducing hours, eliminating entire shifts, and applying targeted temporary furloughs.

At the same time that overall industry capacity was contracting and U.S. producers were reducing output, several firms either expanded or upgraded their operations. Most notably Sapa Extrusions (a global producer of aluminum extrusions) significantly 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 2009.²⁴ 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. *** added an extrusion press and automated another. *** upgraded an extrusion press in August 2009. *** added a press to its *** facility. *** added an extrusion press and painting line in 2008.

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

Over the period examined, U.S. commercial shipments account for the vast majority of U.S. producers' revenue in this industry. U.S. producers generally supplied the domestic U.S. market and not foreign markets. Between 2007 and 2009, the value of U.S. producers' U.S. shipments declined by nearly 47 percent, with most of this decline occurring between 2008 and 2009. Unit values for shipments of all U.S.-produced aluminum extrusions decreased between 2008 and 2009, which paralleled the market price for primary aluminum as reported on the London Metals Exchange (LME).²⁵ Table III-3 presents U.S. producers' U.S. shipments, export shipments, and total shipments.

²⁴ Conference transcript, pp. 20-21, 141 (Henderson).

²⁵ Conference transcript, p. 77 (Woodings). Additional information on LME prices is provided in Part V of this report.

Table III-3**Aluminum extrusions: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2007-09**

Item	Calendar year		
	2007	2008	2009
Quantity (short tons)			
U.S. commercial shipments	1,138,220	1,008,911	741,754
Internal consumption	12,066	10,316	7,640
Transfers to related firms	13,849	11,928	9,352
U.S. shipments	1,164,135	1,031,154	758,746
Export shipments	24,111	25,882	29,415
Total shipments	1,188,246	1,057,036	788,161
Value (1,000 dollars)			
U.S. commercial shipments	4,931,256	4,337,912	2,630,048
Internal consumption	33,767	31,114	15,673
Transfers to related firms	48,318	41,272	24,678
U.S. shipments	5,013,341	4,410,299	2,670,399
Export shipments	134,053	134,085	119,882
Total shipments	5,147,394	4,544,383	2,790,281
Unit value (per short ton)			
U.S. commercial shipments	4,332	4,300	3,546
Internal consumption	2,799	3,016	2,052
Transfers to related firms	3,489	3,460	2,639
U.S. shipments	4,306	4,277	3,519
Export shipments	5,560	5,181	4,076
Total shipments	4,332	4,299	3,540
Share of quantity (percent)			
U.S. commercial shipments	95.8	95.4	94.1
Internal consumption	1.0	1.0	1.0
Transfers to related firms	1.2	1.1	1.2
U.S. shipments	98.0	97.6	96.3
Export shipments	2.0	2.4	3.7
Total shipments	100.0	100.0	100.0
Source: Compiled from data submitted in response to Commission questionnaires.			

U.S. PRODUCERS' IMPORTS AND PURCHASES

Four U.S. producers of aluminum extrusions also imported the subject merchandise over the period examined, while two U.S. producers purchased imported aluminum extrusions. Table III-4 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.

Table III-4**Aluminum extrusions: Select producers' U.S. production, imports or purchases of imports, and imports or purchases as a ratio to production, 2007-09**

* * * * *

*** indicated that it imported aluminum extrusions from ***.²⁶ Relative to its U.S. production, *** imports of aluminum extrusions were small. *** indicated that it purchased aluminum extrusions imported from ***.²⁷ Relative to its U.S. production, *** purchases of imports of aluminum extrusions were small. *** indicated that it imported aluminum extrusions ***. *** imports of aluminum extrusions accounted for a third to a half of its U.S. production, and although both its domestic production and its imports decreased over the period, *** domestic production decreased more than its imports over the period examined. *** only imported aluminum extrusions from nonsubject sources.²⁸ *** indicated that it imported aluminum extrusions from ***.²⁹ Relative to its U.S. production, *** imports of aluminum extrusions were small, and ***. *** indicated that it imported aluminum extrusions from ***.³⁰ Relative to its U.S. production, *** imports of aluminum extrusions were small and decreasing over the period. *** indicated that it purchased aluminum extrusions imported from ***,³¹ while it imported from ***.³² Relative to its U.S. production, *** purchases of imports of aluminum extrusions accounted for large and increasing shares, both for purchases from China and from all other sources.

U.S. PRODUCERS' INVENTORIES

Table III-5 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. In general, U.S. producers maintained less than a month's worth (14 to 18 days) of inventories.

Table III-5**Aluminum extrusions: U.S. producers' end-of-period inventories, 2007-09**

Item	Calendar year		
	2007	2008	2009
Quantity (short tons)			
U.S. inventories	47,331	45,602	37,194
Ratio (percent)			
Ratio to production	4.0	4.3	4.7
Ratio to U.S. shipments	4.1	4.4	4.9
Ratio to total shipments	4.0	4.3	4.7
Source: Compiled from data submitted in response to Commission questionnaires.			

²⁶ *** U.S. importers' questionnaires response, question II-4.

²⁷ *** U.S. producers' questionnaires response, question II-13.

²⁸ *** U.S. importers' questionnaires response, question II-4.

²⁹ *** U.S. importers' questionnaires response, question II-4.

³⁰ *** U.S. importers' questionnaires response, question II-4.

³¹ *** U.S. producers' questionnaires response, question II-13.

³² *** U.S. producers' questionnaires response, question II-13.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-6 shows U.S. producers' employment-related data during the period examined.

Table III-6

Aluminum extrusions: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2007-09

Item	Calendar year		
	2007	2008	2009
PRWs (number)	12,407	10,611	7,929
Hours worked (1,000)	23,486	21,915	16,103
Wages paid (\$1,000)	434,287	442,278	327,445
Hourly wages	\$18.49	\$20.18	\$20.33
Productivity (short tons per hour)	0.05	0.05	0.05
Unit labor costs (short tons)	\$367	\$417	\$417

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

By 2009, U.S. producers employed 4,478 fewer production and related workers (PRWs) than in 2007, representing a 36.1 percent decline in employment in the industry over the two year period. In 2009, U.S. producers contracted 7,383 fewer hours for the production of aluminum extrusions than they did in 2007, representing a decline of 31.4 percent in hours worked over the period. These declines confirm the narrative description of widespread layoffs and production cutbacks described earlier in this part of the report.

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 the U.S. Customs data that the U.S. Census Bureau used to generate official Commerce import statistics. For the purposes of the preliminary phase 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 in Commerce's notice of initiation of investigation.¹ Data gathered in response to Commission questionnaires has been used to supplement the official data where appropriate. The Commission received useable data from 24 firms that were identified as U.S. importers of the subject merchandise within proprietary Customs data.²

U.S. IMPORTERS

Table IV-1 presents data on the major U.S. importers of aluminum extrusions, as identified in response to Commission questionnaires.

Table IV-1
Aluminum extrusions: U.S. importers by source, January 2007 to December 2009 aggregated

* * * * *

U.S. IMPORTERS' U.S. IMPORTS

Table IV-2 and figure IV-1 present information on U.S. imports of aluminum extrusions over the period examined. U.S. imports from subject sources first decreased and then increased over the period examined, and resulted in a level of imports that was 88 percent higher in 2009 than in 2007, while at the same time, U.S. imports from nonsubject sources decreased in each year over the period, and resulted in a level of imports that was 40 percent lower in 2009 than in 2007.³

¹ The petition and Commerce's notice of initiation of investigation identified certain secondary HTS numbers under which some subject aluminum extrusions may be imported. Data gathered in response to Commission questionnaires indicates that imports of subject merchandise under HTS numbers outside of the primary numbers are minimal. Of the data reported in questionnaire responses, 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 of investigation.

² Staff estimates that questionnaire data cover between 53 and 55 percent of U.S. imports of aluminum extrusions from China, and between 46 and 49 percent of U.S. imports of aluminum extrusions from all sources.

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 (March 2009 through February 2010), U.S. imports of aluminum extrusions from China accounted for 73 percent of total imports.

Table IV-2
Aluminum extrusions: U.S. imports by source, 2007-09

Source	Calendar year		
	2007	2008	2009
Quantity (short tons)			
China ¹	113,150	90,085	212,717
Canada	87,695	79,886	58,458
All other sources	57,295	47,335	28,909
Subtotal, nonsubject	144,990	127,221	87,367
Total imports	258,141	217,306	300,085
Value (1,000 dollars)			
China ¹	410,220	339,612	551,164
Canada	366,975	333,234	201,876
All other sources	317,325	294,476	156,245
Subtotal, nonsubject	684,300	627,709	358,121
Total imports	1,094,520	967,322	909,285
Unit value (per short ton)			
China ¹	\$3,625	\$3,770	\$2,591
Canada	4,185	4,171	3,453
All other sources	5,538	6,221	5,405
Subtotal, nonsubject	4,720	4,934	4,099
Total imports	4,240	4,451	3,030
Share of quantity (percent)			
China ¹	43.8	41.5	70.9
Canada	34.0	36.8	19.5
All other sources	22.2	21.8	9.6
Subtotal, nonsubject	56.2	58.5	29.1
Total imports	100.0	100.0	100.0
¹ Includes imports from the Chinese Special Administrative Region of Hong Kong.			
Source: Official import statistics, HTS 7604.21, 7604.29, and 7608.20.			

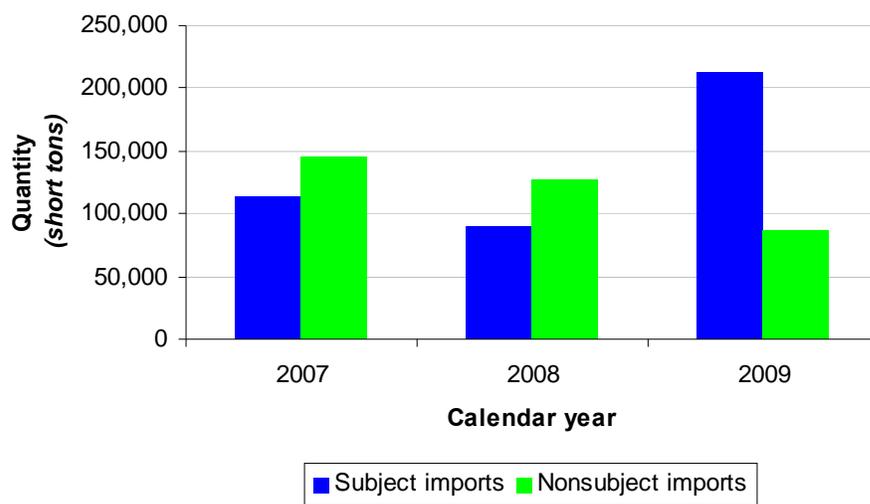
As is reflected both in data the Commission received in response to its U.S. importers' questionnaire and in proprietary Customs data, four firms account for the vast majority of the increase in imports of Chinese aluminum extrusions in 2009 over 2008: ***.^{4 5 6}

⁴ Of these four firms, only *** imported aluminum extrusions prior to 2009; the other three firms first began import operations in 2009 according to U.S. Customs data and corroborated by their responses to Commission questionnaires. Together the four firms account for 76 percent of official Commerce statistics in 2009; Prior to 2009 *** imports accounted for under 10 percent of U.S. imports from China.

⁵ At the staff conference, Peng Cheng indicated that it did not increase its imports in 2009 in relation to 2008. However, *** in 2009 compared with 2008.

⁶ *** did not respond to the Commission's questionnaire.

Figure IV-1
Aluminum extrusions: U.S. imports by status, 2007-09



Source: Table IV-2.

The average unit value of U.S. imports from each source decreased significantly in 2009 compared with 2008, largely reflecting the evolution of global primary aluminum prices as reported on the LME.⁷ However, the average unit value of U.S. imports of aluminum extrusions from China remained 14 to 15 percent below the average unit value of U.S. imports of these products from all sources over the period.

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

Table IV-3 presents data on apparent U.S. consumption and U.S. market shares over the period examined. In 2009, U.S. imports from China gained nearly 13 percentage points of market share by quantity in the United States, displacing primarily U.S. producers' market share. This surge in market share was the result of both the large increase in the absolute quantities of U.S. imports from China and the decline in apparent U.S. consumption of aluminum extrusions.

Table IV-3
Aluminum extrusions: Apparent U.S. consumption and U.S. market shares, 2007-09

Source	Calendar year		
	2007	2008	2009
Quantity (short tons)			
U.S. producers' U.S. shipments	1,164,135	1,031,154	758,746
U.S. imports from-- China	113,150	90,085	212,717
Nonsubject sources	144,991	127,221	87,367
All import sources	258,141	217,306	300,085
Apparent U.S. consumption	1,422,275	1,248,460	1,058,830

Table continued on next page.

⁷ Conference transcript, p. 77 (Woodings). Additional information on LME prices is provided in Part V of this report.

Table IV-3--Continued**Aluminum extrusions: Apparent U.S. consumption and U.S. market shares, 2007-09**

Source	Calendar year		
	2007	2008	2009
Value (1,000 dollars)			
U.S. producers' U.S. shipments	5,013,341	4,410,299	2,670,399
U.S. imports from-- China	410,220	339,612	551,164
Nonsubject sources	684,300	627,709	358,121
All import sources	1,094,520	967,322	909,285
Apparent U.S. consumption	6,107,861	5,377,621	3,579,684
Market share by quantity (percent)			
U.S. producers' U.S. shipments	81.9	82.6	71.7
U.S. imports from-- China	8.0	7.2	20.1
Nonsubject sources	10.2	10.2	8.3
All import sources	18.1	17.4	28.3
Market share by value (percent)			
U.S. producers' U.S. shipments	82.1	82.0	74.6
U.S. imports from-- China	6.7	6.3	15.4
Nonsubject sources	11.2	11.7	10.0
All import sources	17.9	18.0	25.4
Source: Tables III-3 and IV-2.			

RATIO OF IMPORTS TO U.S. PRODUCTION

Table IV-4 presents data on the ratio of U.S. imports to U.S. production.

Table IV-4**Aluminum extrusions: Ratio of U.S. imports to U.S. production, 2007-09**

Source	Calendar year		
	2007	2008	2009
Ratio of imports to U.S. production (percent)			
China	9.6	8.5	27.1
Nonsubject imports	12.3	12.0	11.1
Total imports	21.8	20.5	38.2
Source: Tables III-2 and IV-2.			

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw material costs accounted for approximately 62.4 percent of U.S. producers' total cost of goods during 2009. Per-unit raw material costs decreased by 27.7 percent between 2007 and 2009 from \$1.44 per pound in 2007 to \$1.04 per pound in 2009. Aluminum is the main raw material used to produce aluminum extrusions. The London Metal Exchange (LME) price of aluminum has fluctuated substantially since 2007 increasing by 24 percent between January 2007 and June 2008, decreasing by 64 percent between June 2008 and February 2009, and then increasing by 126 percent between February 2009 and April 2010 (see figure V-1). The Shanghai Metal Exchange (SHME) price of aluminum followed a similar trend between January 2007 and April 2010 as the LME price and at market exchange rates had a higher dollar value for most months.

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. 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 7.2 percent.

PRICING PRACTICES

Pricing Methods

Aluminum extrusions sold using short or long term contracts are typically quoted on the basis of the LME aluminum price, plus a per-pound fabrication charge. Twenty-three of 26 producers and 11 of 16 importers reported that the metals costs in their short term contracts depend on a benchmark price, and all 11 responding producers and four of six 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.¹ One producer (***) reported using the *** as benchmark for both its short and long term contracts.² One importer (***) reported using either the LME or Shanghai Futures Exchange price for its short term contracts.

Petitioners indicated that they do not know what price Chinese producers pay for aluminum.³ However, 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.⁴

Twenty-four of 35 producers and 16 of 25 importers reported using transaction-by-transaction negotiations for at least some of their sales of aluminum extrusions. In addition, 17 producers and 11 importers reporting using contracts for at least some of their sales and six producers and six importers also reporting using a price list. Nineteen of 35 responding producers and 7 of 19 responding importers

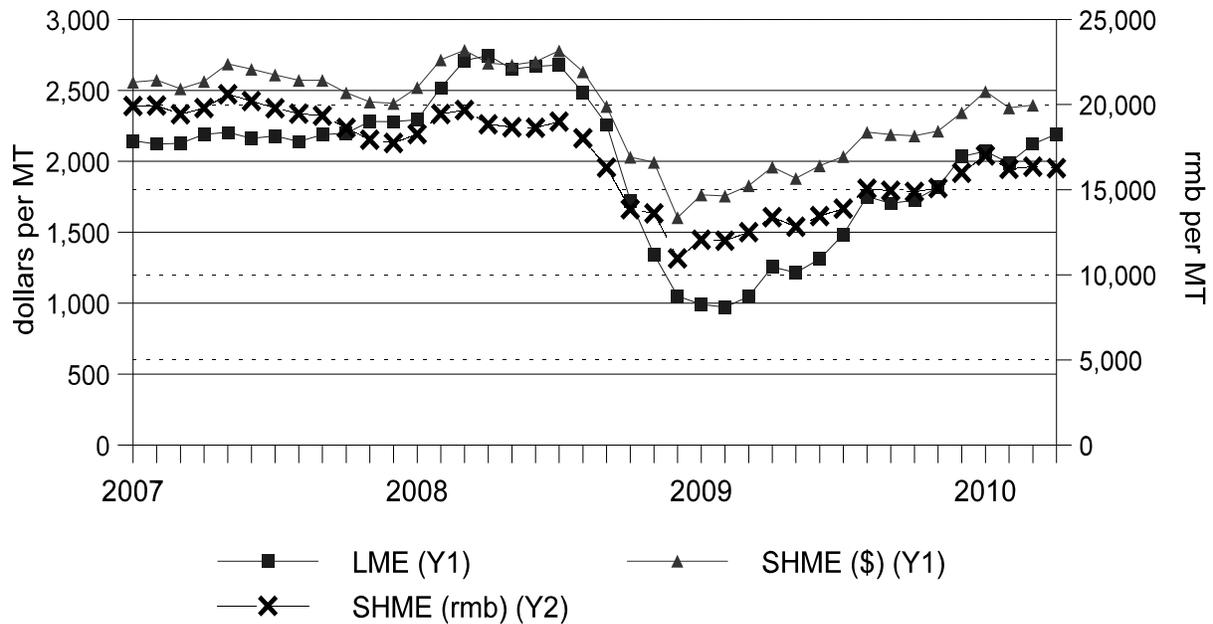
¹ The Midwest price includes a premium for shipping and handling. Transcript, p. 30 (Brown).

² ***. Staff telephone interview with ***, May 7, 2010.

³ Transcript, pp. 73, 126-127 (Brown, Jones).

⁴ Transcript, p. 126 (Woodings).

Figure V-1
Aluminum extrusions: Aluminum Alloy, Nasaac-LME official, spot ask and SHME in dollars and renminbi (rmb), by month, January 2007-April 2010



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 May 7, 2010, Metal Bulletin, downloaded May 4, 2010, and IFS, downloaded May 5, 2010.

reported making their sales on a f.o.b. basis only. Fifteen producers and 11 importers reported making their sales on a delivered basis only and the remaining responding producers and importers reported making their sales on both f.o.b. and delivered bases. Twenty-six of 35 responding producers and 14 of 22 importers reported that at least 90 percent of their sales of aluminum extrusions are made to order. Two responding producers and six importers reported that at least 90 percent of their sales are from inventory.

Twenty-two of 35 responding producers and six of 17 responding importers reported making at least 74 percent of their sales on a spot basis and four producers and eight importers reported making at least 64 percent of their sales on a short-term contract basis. Five importers reported making at least 90 percent of their sales on a short term contract basis, which typically runs from 4 months to a year. One producer and one importer reported making at least 83 percent of their sales on a long-term contract basis.

Lead Times

All but one U.S. producer reported lead times from inventory of up to one week and all but one U.S. producer reported lead times for sales of product-to-order of three days to six weeks.⁵ Lead times for delivery for all but two U.S. importers ranged up to three weeks on sales from inventory and all

⁵ *** reported a lead time from inventory of 2 weeks and *** reported a lead time from production of 6-8 weeks.

importers reported lead times on sales of product produced-to-order ranging from 2 to 16 weeks.⁶ Twenty-seven of 34 responding producers and 22 of 24 responding importers reported that they generally arrange for the transportation to their customers' locations. Twenty-four of 35 responding U.S. producers and eight of 22 responding importers reported making at least 50 percent of their sales within 101 to 1,000 miles of their storage or production facilities. No responding producers and four responding importers reported making at least 70 percent of their sales over 1,000 miles from their storage or production facilities and five responding producers and nine responding importers reported making at least 55 percent of their sales within 100 miles of their storage or production facilities.

Sales Terms and Discounts

Seventeen producers and eight importers reported the use of quantity discounts; seven producers and five importers reported using annual volume discounts; and ten producers and 15 importers reported having no discount policy. In addition, 11 producers and five importers reported using other types of discounts including customer specific discounts and rebates, discounts for particular end uses, and discounts for marketing expenses.

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 2007-09:

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

Twenty-five U.S. producers, 11 importers of aluminum extrusions from China, and three 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.⁷ Pricing data reported by

⁶ *** reported a lead time from inventory of 12 weeks and *** reported a lead time from inventory of 10 to 12 weeks.

⁷ Data reported by several producers and importer were not included in the pricing data. U.S. producer *** reported quantities for products 1-5 for 2007-2009, but only reported values for the last two quarters of 2009 because ***. Therefore, only its data for the second two quarters of 2009 are included. U.S producer *** reported data for several products produced from *** that are not included. U.S. producer *** reported data for product 1, but

(continued...)

these firms accounted for approximately 9.3 percent of U.S. producers' shipments of aluminum extrusions, 5.8 percent of U.S. shipments of subject imports from China, and 3.7 percent of U.S. shipments of nonsubject imports from Canada in 2009.

Price Trends

Price data are shown in tables V-1 to V-5 and figure V-2. Price trend summary data are presented in table V-6. Weighted-averaged sales prices for U.S.-produced products 1-5 decreased by 0.7 to 22.2 percent. Weighted average sales prices of products 1-5 imported from China decreased by 18.9 to 46.1 percent.

Price Comparisons

Margins of underselling and overselling for the period are presented in table V-7. As can be seen from the table, prices for aluminum extrusions imported from China were below those for U.S.-produced aluminum extrusions in 51 of 54 instances; margins of underselling ranged from 2.1 to 55.0 percent. In the remaining 3 instances, prices for aluminum extrusions imported from China were above those for U.S.-produced aluminum extrusions; margins of overselling ranged from 3.5 to 10.6 percent.

⁷ (...continued)

indicated that it "could not break out its data by product type" and is therefore not included. U.S. importer *** reported price data which it indicated was for finished products that is not included.

Table V-1

Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product 1¹ and margins of underselling/(overselling), by quarters, 2007-09

Period	United States		China			Canada	
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)
2007:							
Jan.-Mar.	\$2.35	12,558,491	\$***	***	***	\$***	***
Apr.-June	2.41	12,202,474	2.16	1,274,856	10.4	***	***
July-Sept.	2.37	12,139,274	***	***	***	***	***
Oct.-Dec.	2.33	10,094,918	2.58	746,789	(10.6)	***	***
2008:							
Jan.-Mar.	2.33	11,037,353	***	***	***	***	***
Apr.-June	2.58	10,255,673	***	***	***	***	***
July-Sept.	2.60	9,950,396	2.22	594,909	14.3	***	***
Oct.-Dec.	2.54	9,265,212	***	***	***	***	***
2009:							
Jan.-Mar.	2.01	7,187,554	***	***	***	***	***
Apr.-June	2.11	5,779,848	***	***	***	***	***
July-Sept.	2.06	8,327,937	***	***	***	***	***
Oct.-Dec.	2.34	7,616,250	***	***	***	***	***
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-2

Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product 2¹ and margins of underselling/(overselling), by quarters, 2007-09

Period	United States		China			Canada	
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)
2007:							
Jan.-Mar.	\$2.21	36,219,270	\$***	***	***	\$***	***
Apr.-June	2.20	39,400,736	1.99	1,346,215	9.8	***	***
July-Sept.	2.17	38,440,561	1.75	3,425,400	19.2	***	***
Oct.-Dec.	2.10	31,125,199	1.91	2,311,297	9.1	***	***
2008:							
Jan.-Mar.	2.14	26,647,296	1.97	3,029,657	7.6	***	***
Apr.-June	2.27	31,038,021	1.93	2,767,802	14.9	***	***
July-Sept.	2.31	29,701,022	1.99	2,026,826	13.7	***	***
Oct.-Dec.	2.03	21,861,406	1.79	1,510,557	11.8	***	***
2009:							
Jan.-Mar.	1.70	17,506,789	1.53	1,573,407	10.1	***	***
Apr.-June	1.75	22,472,825	***	***	***	***	***
July-Sept.	1.87	27,706,238	1.19	3,187,005	36.1	***	***
Oct.-Dec.	1.91	20,079,741	***	***	***	***	***
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.							
Source: Compiled from data submitted in response to Commission questionnaires.							

Table V-3

Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product 3¹ and margins of underselling/(overselling), by quarters, 2007-09

Period	United States		China		
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)
2007:					
Jan.-Mar.	\$***	***	\$***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	1.85	154,393	***	***	***
2008:					
Jan.-Mar.	1.99	507,272	***	***	***
Apr.-June	2.10	689,163	***	***	***
July-Sept.	1.98	990,074	***	***	***
Oct.-Dec.	1.82	458,426	***	***	***
2009:					
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-4

Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product 4¹ and margins of underselling/(overselling), by quarters, 2007-09

* * * * *

Table V-5

Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product 5¹ and margins of underselling/(overselling), by quarters, 2007-09

Period	United States		China			Canada	
	Price (per pound)	Quantity (pounds)	Price (per pound)	Quantity (pounds)	Margin (percent)	Price (per pound)	Quantity (pounds)
2007:							
Jan.-Mar.	\$1.86	1,253,176	-	0	-	\$***	***
Apr.-June	1.90	1,442,288	-	0	-	***	***
July-Sept.	1.78	1,527,384	\$***	***	***	***	***
Oct.-Dec.	1.74	1,313,527	-	0	-	***	***
2008:							
Jan.-Mar.	1.75	1,729,570	-	0	-	***	***
Apr.-June	1.92	1,374,060	-	0	-	***	***
July-Sept.	1.89	1,475,007	***	***	***	***	***
Oct.-Dec.	1.66	1,367,771	***	***	***	***	***
2009:							
Jan.-Mar.	1.37	1,112,344	***	***	***	***	***
Apr.-June	1.37	1,033,093	***	***	***	***	***
July-Sept.	1.50	1,124,968	***	***	***	***	***
Oct.-Dec.	1.57	1,102,600	-	0	-	***	***

¹ Product 5: 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.

Figure V-2

Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product, by quarters, 2007-09

* * * * *

Table V-6**Aluminum extrusions: Summary of weighted-average f.o.b. prices for products 1-5 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	2.01	2.60	(0.7)
China	12	1.26	2.58	(41.7)
Product 2				
United States	12	1.70	2.31	(13.5)
China	12	1.08	2.00	(46.1)
Product 3				
United States	12	1.68	2.90	(10.6)
China	12	1.26	1.84	(18.9)
Product 4				
United States	12	2.12	3.17	(22.2)
China	12	1.86	2.62	(20.0)
Product 5				
United States	12	1.37	1.92	(15.5)
China	6	1.08	1.68	(33.0)
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.				

Table V-7**Aluminum extrusions: Instances of underselling/overselling and the range and average of margins, 2007-09**

Source	Underselling			Overselling		
	Number of instances	Range (percent)	Average margin (percent)	Number of instances	Range (percent)	Average margin (percent)
China	51	2.1 to 55.0	18.8	3	3.5 to 10.6	7.5
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 both allegations of lost sales and revenues in the petition. Of the 21 responding non-petitioning U.S. producers, 11 reported that they had to either reduce prices or roll back announced price increases and 14 producers indicated that they had lost sales of aluminum extrusions to imports from China. Ten of these producers provided additional lost revenue and lost sales allegations. The 104 lost sales allegations made by producers totaled \$116 million and involved more than 56 million pounds of aluminum extrusions and the 21 lost revenues allegations totaled more than \$8 million and involved more than 21 million pounds of aluminum extrusions.⁸ Staff attempted to contact all of these purchasers, and a summary of the information obtained follows (tables V-8 and V-9).

Ten of 25 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 was already supplying local markets, and developing a multiple sourcing strategy were the reasons for the switch. Five of 18 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 though 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.

*** of *** neither agreed or disagreed with the lost sales allegation involving his firm. He indicates 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 is also similarly considerably smaller than the numbers stated above.

*** indicates 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 1 ton. *** 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.

⁸ In addition, petitioner provided *** allegations without enough contact information for staff to verify the allegations. These allegations were totaled \$*** in value.

Table V-8
Aluminum extrusions: U.S. producers' lost sales allegations

* * * * *

Table V-9
Aluminum extrusions: U.S. producers' lost revenue allegations

* * * * *

*** of *** disagreed with the *** lost sales allegations and the lost revenue allegation made involving his company. He indicated that his company purchased no aluminum extrusions from China the year during which the allegations were made (2008). *** 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 his company dropped a domestic source in early 2009 due to poor performance and added a Chinese source in the same year due to competitive pricing and quality. *** also indicated that he did not know 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. He indicated 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 certain aluminum extrusions imported from China.

*** of *** disagreed with the *** lost sales allegation made 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 his company planned purchases of \$*** in 2010. 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 using the same supply base as ***. *** indicated that his company received only one price reduction from their domestic supplier since January 1, 2007 and that it was a two to three 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 approached his company proposing to supply these products out of the supplier's facility in China 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 *** 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 and lost revenue allegation involving his company. He indicated that his company did not request any contracts with U.S. producers in 2010 and to only order on a month to month basis from them. *** noted that this was because of issues with the painting capabilities and lack of flexibility with deliveries 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 *** disagree with *** lost sales and *** lost revenue allegation and indicated that his company did not receive nor reject any quote for \$*** of aluminum extrusion in 2009 or 2010 as alleged in another lost sales allegation involving his company. Regarding the lost revenue allegation, he indicated that the supplier reduced prices as result of a competitive bid process with another domestic source and were not competing against any Chinese supplier. Regarding the \$*** 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 India 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 ***'s supply chain strategy calls for the selection of highly quailed, financially viable companies with superior process capability and control, who provide excellent service and that price only becomes a factor once a supplier has been qualified. *** indicates that *** continues to purchase product from China, however a significant portion of his company's purchases of aluminum extrusion 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 have proven to be superior in quality and delivery performance.

*** of *** agreed with *** of the of the lost 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 *** 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 indicate 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 tremendous freight costs from the "further distant suppliers." *** 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 the lost sales allegation made involving his company. He indicated that the product mentioned in the allegation refers to *** and are not are not the primary aluminum extrusions that make up *** but rather manufactured parts. *** indicates that the U.S.-produced

components were not cost competitive with *** and until November, 2008, ***. He noted that in November 2006, 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 October 2007 his company requested a price quotation from another supplier, ***, and concluded that it could realize a cost savings compared to *** by outsourcing these parts 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 rather would have continued to produce the parts in-house.

*** 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.⁹ 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 “full domestic pricing” for some of the material and that they were given an “international price” 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 in financial difficulty. *** 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 27 to 31 percent 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 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 five 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.

⁹ Staff telephone interview with ***, April 13, 2010.

*** 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 two lost sales allegations involving his firm. He indicated that ***.

*** of *** agreed with the lost sales allegation involving his firm. *** indicate that since 2007 her 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 one lost sales allegation involving his firm. He indicated that the referenced quote 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.

*** 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 parts specification of ***.

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

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

Thirty four producers reported usable financial results on their aluminum extrusion operations. The financial results reported by the majority of companies were based on U.S. GAAP and reflect calendar-year periods.¹ Revenue primarily reflects commercial sales (U.S. commercial shipments and a small share of exports). Smaller levels of internal consumption, transfers, and tolling revenue were also reported by U.S. producers and are reflected in total sales.²

As indicated above, the U.S. industry is made up of a large number of producers. On a cumulative basis, Sapa Extrusions is the largest and accounted for *** percent of cumulative sales volume with the next five largest U.S. producers ranging from *** percent. The remaining 28 U.S. producers range from *** percent of cumulative sales volume.³

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. A variance analysis of overall aluminum extrusions financial results is not presented because, as noted below, changes in average sales values, notably between 2007 and 2008, reflect changes in underlying product mix. Selected financial information on a company-specific basis is presented in appendix D of this report.

Revenue

As noted in part V of this report, aluminum extrusion sales revenue generally includes a commodity component which reflects the passthrough of the underlying aluminum cost to the customer. Direct follow-up with U.S. producers confirmed that this is a common industry practice and that the commodity component is based on the average of a published index.⁴ 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 Aluminum indicates that fixed price contracts require a "back-to-back hedge."⁵

The period examined was characterized by consecutive declines in sales volume. As shown in table VI-2, declining sales volume was also accompanied by lower average sales values which contributed to the overall decline in revenue.⁶ While the decline in 2008 average sales value is, at least in part, due to a shift in product mix, the lower average sales value in 2009 primarily reflects a reduction in the cost of aluminum.⁷

¹ ***. USITC auditor preliminary-phase notes.

² ***. Ibid.

³ ***.

⁴ ***. USITC auditor preliminary-phase notes. March 31, 2010 Kaiser Aluminum Investor Presentation, p. 35.

⁵ Tredegar 2009 10-K, p.32. March 31, 2010 Kaiser Aluminum Investor Presentation, p. 35.

⁶ ***. E-mail from *** to USITC auditor, April 28, 2010. ***. USITC auditor preliminary-phase notes.

⁷ As shown in appendix D, there were company-specific exceptions to the general pattern of declining average sales values during the period examined. In particular, it should be noted that in 2008 the majority of U.S. producers reported higher average sales values with the pattern largely reflecting higher company-specific raw material costs.

(continued...)

Table VI-1
Aluminum Extrusions: Results of operations, 2007-09

Item	Calendar year		
	2007	2008	2009
Quantity (short tons)			
Total net sales quantity	1,113,241	992,024	729,929
Value (\$1,000)			
Total net sales value	4,918,361	4,341,480	2,637,337
Cost of goods sold:			
Raw material cost	3,215,281	2,868,950	1,525,112
Direct labor	471,813	419,103	307,702
Other factory costs	836,814	836,525	610,963
Total cost of goods sold	4,523,907	4,124,579	2,443,777
Gross profit	394,453	216,901	193,560
Selling expenses	107,598	106,637	93,876
General and administrative expenses	174,187	163,865	155,903
Total SG&A expenses	281,785	270,502	249,779
Operating income or (loss)	112,668	(53,601)	(56,220)
Interest expense	38,068	23,121	32,868
Other expenses	11,765	11,360	7,357
Other income items	6,038	6,918	3,736
Net income or (loss)	68,873	(81,163)	(92,709)
Depreciation/amortization	124,808	108,454	95,683
Estimated cash flow from operations	193,681	27,291	2,974

Table continued on next page.

⁷(...continued)

As noted below, company-specific average raw material cost, principally representing aluminum in either billet and/or ingot and scrap form, reached its highest level for a number of companies in 2008 and then declined in 2009. At the staff conference, the consensus appeared to be that for the industry as a whole changes in average sales value were related more to changes in the cost of aluminum, as opposed to changes in product mix. Conference transcript, p. 116 (Crowdis). ***. USITC auditor preliminary-phase notes.

Table VI-1--Continued
Aluminum Extrusions: Results of operations, 2007-09

Item	Calendar year		
	2007	2008	2009
Ratio to net sales (percent)			
Raw material cost	65.4	66.1	57.8
Direct labor	9.6	9.7	11.7
Other factory costs	17.0	19.3	23.2
Cost of goods sold	92.0	95.0	92.7
Gross profit	8.0	5.0	7.3
SG&A expenses	5.7	6.2	9.5
Operating income or (loss)	2.3	(1.2)	(2.1)
Net income or (loss)	1.4	(1.9)	(3.5)
Number of companies reporting			
Operating losses	7	11	18
Data	34	34	34
Source: Compiled from data submitted in response to Commission questionnaires.			

Table VI-2
Aluminum Extrusions: Results of operations (per short ton), 2007-09

Item	Calendar year		
	2007	2008	2009
Unit value (per short ton)			
Total net sales	4,418	4,376	3,613
Cost of goods sold:			
Raw materials	2,888	2,892	2,089
Direct labor	424	422	422
Other factory costs	752	843	837
Total cost of goods sold	4,064	4,158	3,348
Gross profit	354	219	265
SG&A expenses	253	273	342
Operating income or (loss)	101	(54)	(77)
Source: Compiled from data submitted in response to Commission questionnaires.			

Cost of Goods Sold

As noted in a previous section of this report, aluminum is the single most important cost in the production of aluminum extrusions.⁸ Depending on the level of vertical integration, the aluminum component can represent either a finished aluminum billet or aluminum ingot and scrap; *i.e.*, non-integrated producers purchase billet, while integrated producers generally cast their own billet. As a practical matter, the raw material costs reported by U.S. producers represent a hybrid of primary aluminum, scrap, alloys, and transferred/purchased billet.⁹

On a cumulative basis total raw material costs represented 68.6 percent of total cost of goods sold (COGS) during the period examined; ranging from a high of 71.1 percent of total COGS in 2007 to a low of 62.4 percent of total COGS in 2009. While the majority of U.S. producers reported higher average raw material costs in 2008 compared with 2007, the pattern of period-to-period change was not uniform. In contrast, ***, all U.S. producers reported substantially lower average raw material costs in 2009 compared with 2008 (see appendix D).¹⁰ As shown in table VI-1, overall average per short ton raw material cost increased modestly in 2008 and then declined sharply in 2009.

The overall pattern of other factory costs and direct labor is generally consistent with declining sales volume during the period. Notwithstanding differences in cost classification and the level of integration, company-specific variations in average other factory costs can be attributed, at least in part, to differences in value-added fabrication.¹¹ Period-to-period changes in other factory costs also reflect variability in factors such as primary energy costs, capacity utilization, and the inclusion of some company-specific non-recurring charges.^{12 13} As shown in appendix D, ***.¹⁴

⁸ Although the Commission's questionnaire separated costs into "aluminum feedstock" and "other raw materials," a single raw material cost line item is presented and referenced in this section. In addition to differences in the integrated producers' cost classification, some producers indicated that they were unable meaningfully to separate raw material costs into the aluminum feedstock and other raw material components. While a function of company-specific activity, when other raw materials were separately reported they generally represented paint, anodizing, fabrication-related consumables, and packing. USITC auditor preliminary-phase notes.

⁹ While the operations of integrated producers can be generalized in terms of their internal billet production, the raw material costs of the integrated producers were not reported in a uniform manner to the Commission. ***. USITC auditor preliminary-phase notes. E-mail from *** to USITC auditor, April 27, 2010. E-mail with attachment from *** to USITC auditor, April 29, 2010.

¹⁰ As noted in part V of this report, aluminum bid prices declined notably in October 2008 and subsequently reached their lowest point in February 2009. 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.

¹¹ Conference transcript, p. 100 (Johnson). Exhibit 1 (response to staff questions) of petitioners' post conference brief, pp. 1-2.

¹² ***. USITC auditor preliminary-phase notes. ***. Ibid.

¹³ ***. E-mail from *** to USITC auditor, May 5, 2010.

¹⁴ ***. E-mail with attachment from *** to USITC auditor, April 27, 2010. ***. E-mail with attachment from *** to USITC auditor, April 29, 2010. ***.

With regard to restructuring activity related to aluminum extrusions, Kaiser Aluminum states in its 2009 10-K that "{i}n December 2008, we announced plans to close operations at our Tulsa, Oklahoma extrusion facility and significantly reduce operations at our Bellwood, Virginia facility in response to lower demand for products produced at these locations. These actions resulted in a restructuring charge of \$8.8 million in the fourth quarter of 2008 related to employee termination benefits and asset impairment." Kaiser 2009 10-K, p. 25. Subsequently, "{i}n the first quarter of 2009, we {Kaiser Aluminum} incurred restructuring costs and other charges in connection with the closure of our Tulsa, Oklahoma facility. Such costs consisted principally of contract termination and facility shut-

(continued...)

Financial Results

While company-specific patterns varied, the majority of U.S. producers managed to generate gross profit throughout the period, albeit at lower absolute levels, despite declining sales volume (see appendix D). With respect to larger volume producers, ***.¹⁵

Appendix D indicates that there were varying levels of company-specific operating margins at the beginning of the period and that ***. The industry's overall operating profit margin, however, was not particularly strong in 2007 which, at least in part, reflects reduced sales to the residential market.¹⁶ As the period progressed, a relatively modest contraction in gross profit margin and somewhat higher SG&A expense ratios combined to generate operating losses in both 2008 and 2009.¹⁷ While SG&A expenses include a minor amount of non-recurring charges, the absolute level of SG&A expenses declined throughout the period.¹⁸ As such, the higher SG&A expense ratios noted above, which contributed to the U.S. industry's overall operating losses in 2008 and 2009, primarily reflect declining sales revenue.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-3. Appendix D presents company-specific capital expenditures, R&D expenses, total assets, and return on investment.

***.²⁰
The relatively large increase in the U.S. industry's total capital expenditures in 2008 is ***.²¹ While ***.²²

¹⁴(...continued)

down costs. In the second quarter of 2009, we curtailed operations at our Bellwood, Virginia facility to focus solely on drive shaft and seamless tube products and shut down the Bellwood, Virginia facility temporarily during the month of July 2009, in response to planned shutdowns in the automotive industry and continued weak economic and market conditions. In addition, we reduced our personnel in certain other locations in the second quarter in an effort to streamline costs. In connection with these plans, we recorded restructuring costs and other charges of \$5.4 million, principally related to involuntary employee termination and other personnel costs." Ibid.

¹⁵ ***. E-mail with attachment from *** to USITC auditor, April 27, 2010.

¹⁶ Conference transcript, pp. 117-118 (Crowdis).

¹⁷ The extent of engineering expenses related to product design and customer support may help to explain some of the differences in company-specific SG&A expense ratios shown in appendix D. ***. USITC auditor preliminary-phase notes.

¹⁸ ***.

¹⁹ Similar to the pattern of absolute gross profit, company-specific changes in operating results were not uniform during the period examined. Nonetheless, over half of the U.S. producers reported period-to-period declines in their operating results. ***. E-mail from *** to USITC auditor, April 28, 2010.

***. E-mail from *** to USITC auditor, April 27, 2010.

²⁰ E-mail from *** to USITC auditor, May 5, 2010. ***. Ibid.

²¹ ***. USITC auditor preliminary-phase notes. ***. E-mail with attachment from *** to USITC auditor, April 29, 2010.

²² The *** of Bonnel's 2009 capital expenditure represent a new 5,500-ton press line at its Carthage, TN plant. The new press line reportedly increases Bonnell's product range to 16-inch (406 mm) wide profiles. Aluminum, March 2009, p. 54.

**Table VI-3
Aluminum Extrusions: Capital expenditures, R&D expenses, assets, and return on investment, 2007-09**

Item	Calendar year		
	2007	2008	2009
	Capital expenditures (\$1,000)		
Total capital expenditures	96,294	145,810	62,096
	R&D expenses (\$1,000)		
Total R&D expenses	15,497	11,989	11,020
	Assets (\$1,000)¹		
Total assets	1,990,093	1,747,890	1,708,858
	Return on investment (percent)¹		
Average return on investment	5.5	(3.2)	(3.4)
¹ ***. Source: Compiled from data submitted in response to Commission questionnaires.			

R&D expenses, which were reported by ***, primarily represent engineering product support.²³ While the level and type of such activity varies from company to company, it is likely that more U.S. producers would have reported R&D expenses had their definition of this term included ongoing engineering activity.

While restructuring and related activity impacted the balance of total assets, part of the overall decline in total assets shown in table VI-3 was due solely to reductions in current assets, such as receivables and inventory, which is consistent with the period's reduced sales activity.²⁴

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 E.

²³ USITC auditor preliminary-phase notes.

²⁴ ***. E-mail from *** to USITC auditor, May 5, 2010.

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 12 producers or exporters of aluminum extrusions in China. Tables VII-1 and VII-2 present 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 35-40 percent of U.S. imports in 2007 and 2008, but only 12 percent of U.S. imports from China in 2009. Based on estimates provided in their questionnaire responses, these 12 firms account for an estimated 10 to 12 percent of total production of aluminum extrusions in China.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 This estimate does not take into account responses provided by two smaller specialty extrusion firms whose estimates of Chinese production deviated substantially from those provided by other foreign producer questionnaire responses. The estimated average Chinese production of aluminum extrusions is between 4.6 and 5.5 million short tons a year in 2009, which was approximately 3 to 3.5 times the size of the U.S. industry that year. In a public offering statement, 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-1

Aluminum extrusions: Producers and exporters of aluminum extrusions in China, locations, production, and shares of reported production, 2009

Firm Location	Location(s)	Production in 2009 (short tons)	Share of reported production (percent)
Zhaoqing Asia Aluminum Factory Co., Ltd.	Zhaoqing, Guangdong	***	***
Zhongya Shaped Aluminium (H.K.) Holding Ltd.	Hong Kong (headquarters) Foshan, Guangdong Zhaoqing, Guangdong	***	***
Tai Shan City Kam Kiu Aluminium Extrusion Co., Ltd.	Taishan, Guangdong	***	***
OPAL (Macao Commercial Offshore) Limited ¹	Macao (headquarters) Zengcheng, Guangdong	***	***
Alnan Aluminium Co., Ltd.	Nanning, Guangxi	***	***
Fujian Minfa Aluminium, Inc.	Nan'an, Fujian	***	***
Guangdong Grand Shine Construction Material Co., Ltd.	Guangzhou, Guangdong	***	***
China Square Industrial, Ltd.	Hong Kong (headquarters) Zhaoqing, Guangdong	***	***
Tianjin Ruixin Electric Heat Transmission Technology Co., Ltd.	Tianjin	***	***
Changshu Changsheng Aluminium Products Co., Ltd.	Changshu, Jiangsu	***	***
Wuxi Xintai Aluminum Seamless Tubing Manufacturing Co., Ltd.	Wuxi, Jiangsu	***	***
Shanghai Sanyuan Alu Co., Ltd.	Shanghai	***	***
¹ OPAL's response includes information on the operations of PanAsia Aluminum (China), Ltd. ² ***.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Table VII-2**Aluminum extrusions: Data for capacity, production, shipments, and inventories of producers in China, 2007-09 and projected 2010-11**

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.

Table VII-3 presents information on the largest exporters in China of aluminum extrusions based on proprietary U.S. Customs data.

Table VII-3
Aluminum extrusions: Major Chinese exporters to the United States, 2007-09

* * * * *

The Liaoning Zhongwang Group, ***, did not provide a response to the Commission's foreign producers' questionnaire. ***, *** between 2008 and 2009.⁴

Table VII-4 combines responding Chinese producers' data from table VII-2 with data on Liaoning Zhongwang Group available from proprietary Customs data and from public sources.⁵ Including data on the Liaoning Zhongwang Group demonstrates the near double digit growth of the Chinese aluminum extrusions industry in 2009, and projected for 2010 and 2011.⁶ Based on estimates provided in questionnaire responses, table VII-4 data would account for an estimated 15 to 18 percent of total production of aluminum extrusions in China in 2009, *** percent of U.S. imports in 2007 and 2008, and *** percent of U.S. imports from China in 2009.

Table VII-4
Aluminum extrusions: Data for capacity, production, exports to the United States of responding producers and the Liaoning Zhongwang Group in China, 2007-09 and projected 2010-11

Items	Actual experience			Projections	
	Calendar year				
	2007	2008	2009	2010	2011
Quantity (short tons)					
Capacity	1,054,197	1,104,604	1,201,700	1,316,771	1,429,002
Production	580,812	706,455	807,082	993,251	1,106,046
Exports to the United States	***	***	***	***	***
Ratios and shares (percent)					
Capacity utilization	55.1	64.0	67.2	75.4	77.4
Ratio of exports to production	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires, proprietary Customs data, Petitioners' postconference brief, pp. 40-42, exh. 3, 4, 28, 29.					

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-5 presents data on U.S. importers' reported inventories of aluminum extrusions. U.S. inventories of Chinese-origin aluminum extrusions more than tripled between 2008 and 2009.

⁴ Proprietary Customs data. ***, ***.

⁵ Petitioners' postconference brief, exh. 3, 4, 28, 29.

⁶ Table VII-2 (without The Liaoning Zhongwang Group) reports growth for 2009 in Chinese capacity of 4.9 percent, but projects smaller capacity increases for 2010, an increase of 0.9 percent, and 2011, an increase of 0.4 percent. Table VII-4 (including publicly available data on the historical and projected capacity of The Liaoning Zhongwang Group) reports stronger growth in Chinese capacity in 2009 at 8.8 percent, and even larger increases in projected capacity for 2010, an increase of 9.6 percent, and 2011, a further increase of 8.5 percent.

Table VII-5
Aluminum extrusions: U.S. importers' inventories, 2007-09

* * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

U.S. importers reported 51,057 short tons of outstanding orders from China since January 1, 2010. Official Commerce statistics already show 36,393 short tons of imports of aluminum extrusions from China in January and February 2010.

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-6 presents the final rates of dumping and subsidization of Chinese producers found in the Canadian investigations.

Table VII-6
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 November 3, 2009, Australia issued affirmative preliminary margins of dumping and subsidization related to imports of aluminum extrusions into Australia from China.⁷ Table VII-7 presents the preliminary rates of dumping and subsidization of Chinese producers found in the Australian investigations.

⁷ The Australian investigations cover both soft- and hard-alloy aluminum extrusions.

Table VII-7

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)	Amount of subsidy (renminbi per kilogram)
Tai Shan City Kam Kiu Aluminium Extrusion Co., Ltd.	11.2	3.8
Tai Ao Aluminium (Taishan) Co., Ltd.	<i>de minimus</i>	<i>de minimus</i>
Panasia Aluminium (China), Ltd.	10.4	8.8
Zhaoqing New Zhongya Aluminium Co., Ltd.	3.4	7.7
Residual exporters	7.1	6.8
Non-cooperating exporters	25.7	19.0

Source: *Statement Of Essential Facts No.148 Certain Aluminium Extrusions Exported To Australia From The People's Republic of China*, March 1, 2010, pp. 7-8.

Table VII-8 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-8

Aluminum extrusions: Chinese exports, 2007-09, January-March 2009, and January-March 2010

Destination market	Calendar year			January-March	
	2007	2008	2009	2009	2010
Quantity (short tons)					
United States	106,337	57,667	205,052	14,556	87,381
Hong Kong	90,383	46,458	34,625	3,196	8,013
Korea South	114,218	8,929	1,063	61	356
Australia	33,543	33,026	34,199	5,779	8,939
United Kingdom	20,268	21,541	22,844	3,067	6,616
Nigeria	15,778	19,342	26,588	4,281	4,458
Canada	23,965	21,072	3,643	854	744
Malaysia	32,825	6,840	6,127	940	2,709
Germany	19,578	16,358	8,764	1,349	2,690
Subtotal	456,896	231,234	342,905	34,083	121,906
All other destination markets	304,035	187,963	239,687	36,414	66,112
Total	760,931	419,197	582,591	70,497	188,018

Source: Global Trade Atlas, www.gtis.com.

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, while data through March 2010 indicate that 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.’”⁸ 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 19.5 percent of total imports in 2009; All other nonsubject sources combined accounted for less than 10 percent of total U.S. imports in 2009.

Canada

The Canadian International Trade Tribunal (CITT) identified 12 Canadian manufacturers of aluminum extrusions in 2008 and 2009.⁹ Those producers identified included Almag, Apel, Can Art, Daymond, Extrudex, Kaiser, Indalex (headquartered in the United States),¹⁰ 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.¹¹

⁸ *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).

⁹ Aluminum Extrusions, Inquiry No. NQ-2008-003, Canadian International Trade Tribunal (Findings issued March 17, 2009), p. 16.

¹⁰ Currently owned by Sapa Extrusions.

¹¹ Aluminum Extrusions-Custom Shapes and Aluminum Extrusions-Standard Shapes, Staff Report, Canadian International Trade Tribunal, p. 2.

APPENDIX A
***FEDERAL REGISTER* NOTICES**

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010-7688 Filed 4-5-10; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701-TA-475 and 731-TA-1177 (Preliminary)]

Certain Aluminum Extrusions From China

AGENCY: United States International Trade Commission.

ACTION: Institution of antidumping and countervailing duty investigations and scheduling of preliminary phase investigations.

SUMMARY: The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase antidumping and countervailing duty investigations Nos. 701-TA-475 and 731-TA-1177 (Preliminary) under sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a) and 1673b(a)) (the Act) to determine whether there is a reasonable indication that 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 imports from China of certain 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, that are alleged to be sold in the United States at less than fair value and alleged to be subsidized by the Government of China. Unless the Department of Commerce extends the time for initiation pursuant to sections 702(c)(1)(B) or 732(c)(1)(B) of the Act (19 U.S.C. 1671a(c)(1)(B) or 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping and countervailing duty investigations in 45 days, or in this case by Monday, May 17, 2010. The Commission's views are due at Commerce within five business days thereafter, or by Monday, May 24, 2010.

For further information concerning the conduct of these investigations 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 B (19 CFR part 207).

DATES: Effective Date: March 31, 2010.

FOR FURTHER INFORMATION CONTACT: Russell Duncan

(russell.duncan@usitc.gov, 202-708-4727), 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 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.* These investigations are being instituted in response to 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").

Participation in the investigations and public service list. Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

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 these investigations available to

authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference. The Commission's Director of Investigations has scheduled a conference in connection with these investigations for 9:30 a.m. on Wednesday, April 21, 2010, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Russell Duncan (russell.duncan@usitc.gov, 202-708-4727) not later than Friday, April 16, 2010, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions. As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before Monday, April 26, 2010, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must 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).

In accordance with sections 201.16(c) and 207.3 of the 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

¹ The Committee is comprised of the following members: Aerolite Extrusion Company, Youngstown, 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.

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 207.12 of the Commission's rules.

Issued: March 31, 2010.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010-7683 Filed 4-5-10; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-705]

In the Matter of Certain Notebook Computer Products and Components Thereof; Notice of Commission Decision Not To Review an Initial Determination Correcting the Claims Asserted From U.S. Patent No. 7,156,693 in the Complaint and Notice of Investigation

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review an initial determination ("ID") (Order No. 6) issued by the presiding administrative law judge ("ALJ") in the above-referenced investigation correcting the claims asserted from U.S. Patent 7,156,693 ("the '693 patent") in the complaint and notice of investigation.

FOR FURTHER INFORMATION CONTACT: Daniel E. Valencia, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205-1999. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by

contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on February 24, 2010, based on a complaint filed by Toshiba Corporation of Japan ("Toshiba"). 75 FR 8400. The complaint alleges violations of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain notebook computer products and components thereof by reason of infringement of the '693 patent and U.S. Patent No. 5,430,867. The complaint names three respondents.

On March 8, 2010, Toshiba moved to amend the complaint and notice of investigation to correct the claims asserted from the '693 patent. In particular, Toshiba's motion indicates that claim 7 was erroneously identified instead of claim 4. Neither the Commission Investigative Attorney nor any of the respondents opposed this motion.

On March 9, 2010, the ALJ issued the subject ID correcting the claims asserted from the '693 patent to include claims 1, 2, 4, 5, 9, 15-17, and 20-22. No petitions for review of the ID were filed.

The Commission has determined not to review the ALJ's ID.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in section 210.42 of the Commission's Rules of Practice and Procedure (19 CFR 210.42).

Issued: March 31, 2010.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010-7681 Filed 4-5-10; 8:45 am]

BILLING CODE 7020-02-P

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[Notice (10-040)]

NASA Advisory Council; Audit, Finance and Analysis Committee; Meeting

AGENCY: National Aeronautics and Space Administration.

ACTION: Notice of meeting.

SUMMARY: In accordance with the Federal Advisory Committee Act, Public Law 92-463, as amended, the National Aeronautics and Space Administration announces a meeting of the Audit,

Finance and Analysis Committee of the NASA Advisory Council.

DATES: Tuesday, April 27, 2010, 9 a.m.-11 a.m. CDT.

ADDRESSES: NASA Johnson Space Center, Gilruth Conference Center, Lonestar Room, 2101 NASA Parkway, Houston, TX 77058.

FOR FURTHER INFORMATION CONTACT: Ms. Charlene Williams, Office of the Chief Financial Officer, National Aeronautics and Space Administration Headquarters, Washington, DC 20546. Phone: 202-358-2183, fax: 202-358-4336.

SUPPLEMENTARY INFORMATION: The agenda for the meeting includes the following topic:

- GAO High Risk List

The meeting will be open to the public up to the seating capacity of the room. It is imperative that the meeting be held on this date to accommodate the scheduling priorities of the key participants.

Dated: March 31, 2010.

P. Diane Rausch,

Advisory Committee Management Officer, National Aeronautics and Space Administration.

[FR Doc. 2010-7770 Filed 4-5-10; 8:45 am]

BILLING CODE 7510-13-P

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[Notice: (10-039)]

NASA Advisory Council; Commercial Space Committee; Meeting

AGENCY: National Aeronautics and Space Administration.

ACTION: Notice of meeting.

SUMMARY: In accordance with the Federal Advisory Committee Act, Public Law 92-463, as amended, the National Aeronautics and Space Administration announces a meeting of the Commercial Space Committee of the NASA Advisory Council.

DATES: Monday, April 26, 2010, 1:30 p.m.-6 p.m. CDT.

ADDRESSES: NASA Johnson Space Center, Gilruth Conference Center, 2101 NASA Parkway, Houston, TX 77058.

FOR FURTHER INFORMATION CONTACT: Mr. John Emond, Innovative Partnerships Program, Office of the Chief Technologist, National Aeronautics and Space Administration, Washington, DC, 20546. Phone 202-358-1686, fax: 202-358-3878, john.l.emond@nasa.gov.

SUPPLEMENTARY INFORMATION: The agenda for the meeting includes a NASA

	Period to be reviewed
Samin Chemical Co., Ltd. Shaanxi Maxsun Trading Co., Ltd. Shijiazhuang Green Carbon Products Co., Ltd. Showa Denko K.K. Sinochem Qingdao Company, Ltd. Tianjin Tiancheng Pharmaceutical Company. Yuki Gosei Kogyo Co., Ltd.	
None.	
None.	

Countervailing Duty Proceedings**Suspension Agreements**

During any administrative review covering all or part of a period falling between the first and second or third and fourth anniversary of the publication of an antidumping duty order under 19 CFR 351.211 or a determination under 19 CFR 351.218(f)(4) to continue an order or suspended investigation (after sunset review), the Secretary, if requested by a domestic interested party within 30 days of the date of publication of the notice of initiation of the review, will determine, consistent with *FAG Italia v. United States*, 291 F.3d 806 (Fed. Cir. 2002), as appropriate, whether antidumping duties have been absorbed by an exporter or producer subject to the review if the subject merchandise is sold in the United States through an importer that is affiliated with such exporter or producer. The request must include the name(s) of the exporter or producer for which the inquiry is requested.

For the first administrative review of any order, there will be no assessment of antidumping or countervailing duties on entries of subject merchandise entered, or withdrawn from warehouse, for consumption during the relevant provisional-measures "gap" period, of the order, if such a gap period is applicable to the POR.

Interested parties must submit applications for disclosure under

³ If one of the above-named companies does not qualify for a separate rate, all other exporters of Certain Tissue Paper Products from the People's Republic of China ("PRC") who have not qualified for a separate rate are deemed to be covered by this review as part of the single PRC entity of which the named exporters are a part.

⁴ If the above-named company does not qualify for a separate rate, all other exporters of Circular Welded Austenitic Stainless Pressure Pipe from the PRC who have not qualified for a separate rate are deemed to be covered by this review as part of the single PRC entity of which the named exporters are a part.

⁵ If one of the above-named companies does not qualify for a separate rate, all other exporters of Glycine from the PRC who have not qualified for a separate rate are deemed to be covered by this review as part of the single PRC entity of which the named exporters are a part.

administrative protective orders in accordance with 19 CFR 351.305. On January 22, 2008, the Department published *Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO Procedures* (73 FR 3634). Those procedures apply to administrative reviews included in this notice of initiation. Parties wishing to participate in any of these administrative reviews should ensure that they meet the requirements of these procedures (e.g., the filing of separate letters of appearance as discussed at 19 CFR 351.103(d)).

These initiations and this notice are in accordance with section 751(a) of the Tariff Act of 1930, as amended (19 U.S.C. 1765(a)), and 19 CFR 351.221(c)(1)(i).

Dated: April 19, 2010.

John M. Andersen,

Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

[FR Doc. 2010-9491 Filed 4-23-10; 4:15 pm]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE**International Trade Administration**

[A-570-967]

Aluminum Extrusions from the People's Republic of China: Initiation of Antidumping Duty Investigation

EFFECTIVE DATE: April 27, 2010.

FOR FURTHER INFORMATION CONTACT: John Hollwitz, Andrea Staebler Berton or Charles Riggle, AD/CVD Operations, Office 8, (202) 482-2336, (202) 482-4037 or (202) 482-0650, respectively; Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION: On March 31, 2010, the Department of Commerce

(the "Department") received a petition concerning imports of aluminum extrusions from the People's Republic of China ("PRC") filed in proper form by the Aluminum Extrusions Fair Trade Committee,¹ and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (collectively, "Petitioners"). See Petitions for the Imposition of Antidumping and Countervailing Duties: Aluminum Extrusions from the People's Republic of China dated March 31, 2010 ("Petition"). On April 6 and April 7, 2010, the Department issued requests for information and clarification of certain areas of the Petition. Petitioners timely filed additional information on April 9, 2010,² and on April 19, 2010.³ On April 14, 2010, the Department asked Petitioners additional questions regarding the re-bracketing of certain information. Petitioners responded to the Department's questions in the Second Supplement to the AD Petition, dated April 15, 2010 ("Second Supplement to the AD Petition").

The period of investigation ("POI") is July 1, 2009, through December 31, 2009. See 19 CFR 351.204(b)(1).

In accordance with section 732(b) of the Tariff Act of 1930, ("the Act"), Petitioners allege that imports of

¹ 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.

² See Aluminum Extrusions from the People's Republic of China: Petitioner's Response to the Department's April 6, 2010, Request for Clarification of Certain Items Contained in the Petition, dated April 9, 2010 ("Supplement to General Issues Petition").

³ See Aluminum Extrusions from the People's Republic of China: Petitioner's Response to the Department's April 7, 2010, Request for Clarification of Certain Items Contained in the Petition, dated April 19, 2010 ("Supplement to the AD Petition").

aluminum extrusions from the PRC are being, or are likely to be, sold in the United States at less than fair value, within the meaning of section 731 of the Act, and that such imports are materially injuring, or threatening material injury to, an industry in the United States.

The Department finds that Petitioners filed the Petition on behalf of the domestic industry because Petitioners are an interested party, as defined in section 771(9)(C), (D), and (F) of the Act, and have demonstrated sufficient industry support with respect to the antidumping duty investigation that Petitioners are requesting the Department to initiate (*see* “Determination of Industry Support for the Petition” section below).

Scope of the Investigation

The products covered by this investigation are aluminum extrusions from the PRC. For a full description of the scope of the investigation, please *see* “Scope of Investigation,” in Appendix I of this notice.

Comments on Scope of the Investigation

During our review of the Petition, we discussed the scope with Petitioners to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the regulations (*Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding product coverage. The Department encourages interested parties to submit such comments by Monday, May 10, 2010, which is twenty calendar days from the signature date of this notice. Comments should be addressed to Import Administration’s APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determination.

Comments on Product Characteristics for Antidumping Duty Questionnaires

We are requesting comments from interested parties regarding the appropriate physical characteristics of aluminum extrusions to be reported in response to the Department’s antidumping questionnaires. This information will be used to identify the key physical characteristics of the merchandise under consideration in

order to more accurately report the relevant factors and costs of production, as well as to develop appropriate product comparison criteria.

Interested parties may provide information or comments that they believe are relevant to the development of an accurate listing of physical characteristics. Specifically, they may provide comments as to which characteristics are appropriate to use as: 1) general product characteristics; and 2) the product comparison criteria. We note that it is not always appropriate to use all product characteristics as product comparison criteria. We base product comparison criteria on meaningful commercial differences among products. In other words, while there may be some physical product characteristics utilized by manufacturers to describe aluminum extrusions, it may be that only a select few product characteristics take into account commercially meaningful physical characteristics. In addition, interested parties may comment on the order in which the physical characteristics should be used in product matching. Generally, the Department attempts to list the most important physical characteristics first and the least important characteristics last.

In order to consider the suggestions of interested parties in developing and issuing the antidumping duty questionnaires, we must receive comments at the above-referenced address by May 10, 2010. Additionally, rebuttal comments must be received by May 17, 2010.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine

industry support using a statistically valid sampling method to poll the industry.

Section 771(4)(A) of the Act defines the “industry” as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The U.S. International Trade Commission (“ITC”), which is responsible for determining whether “the domestic industry” has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (*see* section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department’s determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. *See* USEC, Inc. v. United States, 132 F. Supp. 2d 1, 8 (CIT 2001), citing *Algoma Steel Corp., Ltd. v. United States*, 688 F. Supp. 639, 644 (CIT 1988), *aff’d* 865 F.2d 240 (Fed. Cir. 1989), cert. denied 492 U.S. 919 (1989).

Section 771(10) of the Act defines the 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 under this title.” Thus, the reference point from which the domestic like product analysis begins is “the article subject to an investigation” (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, Petitioners do not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that aluminum extrusions constitute a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, *see* Antidumping Duty Investigation Initiation Checklist: Aluminum Extrusions from the People’s Republic of China (“Checklist”), at Attachment II, Industry Support, on file in the Central Records Unit, Room 1117 of the main Department of Commerce building.

In determining whether Petitioners have standing under section

732(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic like product as defined in the "Scope of Investigations" section above. To establish industry support, Petitioners provided their production of the domestic like product in 2009. *See* Volume I of the Petition at Exhibit I-3. In addition Petitioners provided letters of support from ten additional companies that produce the domestic like product. *See id.* Petitioners compared their production and the production of the supporters of the Petition to the estimated total production of the domestic like product for the entire domestic industry. *See* Volume I of the Petition at 3-4 and Exhibits I-3 and I-4. Petitioners estimated total industry production of the domestic like product for 2009 using industry wide shipment data from the Aluminum Association, which according to Petitioners is "an independent and authoritative source for aluminum industry data." *See* Volume I of the Petition, at 3. We have relied upon data Petitioners provided for purposes of measuring industry support. For further discussion, *see* Checklist at Attachment II.

Our review of the data provided in the Petition, supplemental submissions, and other information readily available to the Department indicates that Petitioners have established industry support. First, the Petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling). *See* Section 732(c)(4)(D) of the Act, and Checklist at Attachment 2. Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product. *See* Checklist at Attachment II. Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition. Accordingly, the Department determines that the Petition was filed on behalf of the domestic industry within

the meaning of section 732(b)(1) of the Act. *See id.*

The Department finds that Petitioners filed the Petition on behalf of the domestic industry because it is an interested party as defined in section 771(9)(C), (D), and (F) of the Act and it has demonstrated sufficient industry support with respect to the antidumping duty investigation that it is requesting the Department initiate. *See id.*

Allegations and Evidence of Material Injury and Causation

Petitioners alleged that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at less than normal value ("NV"). In addition, Petitioners alleged that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

Petitioners contended that the industry's injured condition is illustrated by reduced market share, increased raw material cost, declining capacity, production, shipments, underselling and price depression or suppression, reduced employment, hours worked, and wages paid, declines in financial performance, lost sales and revenue, and an increase in import penetration. *See* Volume I of the Petition, at 16, 19-27, 30-33, and Exhibits I-10 through I-15, III-33; and Supplement to AD/CVD Petitions, dated April 9, 2010, at 8-9, and Attachment 4. We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* Checklist at Attachment III.

Allegations of Sales at Less Than Fair Value

The following is a description of the allegations of sales at less than fair value upon which the Department based its decision to initiate this investigation of imports of aluminum extrusions from the PRC. The sources of data for the deductions and adjustments relating to the U.S. price and the factors of production are also discussed in the initiation checklist. *See* Checklist.

U.S. Price

Petitioners calculated export price ("EP") based on documentation of offers for sale obtained from a confidential source. *See* Checklist; *see also* Volume II of the Petition, at 1 and Exhibits II-1 and II-2. Based on the terms of sale,

Petitioners adjusted the export price for brokerage and handling and foreign domestic inland freight. *See* Checklist; *see also* Volume II of the Petition, at 1-2 and Exhibits II-2 and II-3.

Normal Value

Petitioners claim the PRC is a non-market economy ("NME") country and that no determination to the contrary has been made by the Department. *See* Volume II of the Petition, at 2. In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for the PRC has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation.

Accordingly, the NV of the product for the PRC investigation is appropriately based on factors of production valued in a surrogate market-economy country in accordance with section 773(c) of the Act. In the course of this investigation, all parties, including the public, will have the opportunity to provide relevant information related to the issue of the PRC's NME status and the granting of separate rates to individual exporters.

Petitioners contend that India is the appropriate surrogate country for the PRC because: 1) it is at a level of economic development comparable to that of the PRC and 2) it is a significant producer and exporter of comparable merchandise. *See* Volume II of the Petition, at 3-5, and Exhibits II-4 and II-16. Based on the information provided by Petitioners, we believe that it is appropriate to use India as a surrogate country for initiation purposes. After initiation of the investigation, interested parties will have the opportunity to submit comments regarding surrogate country selection and, pursuant to 19 CFR 351.301(c)(3)(i), will be provided an opportunity to submit publicly available information to value factors of production within 40 days after the date of publication of the preliminary determination.

Petitioners calculated NV and the dumping margins using the Department's NME methodology as required by 19 CFR 351.202(b)(7)(i)(C) and 19 CFR 351.408. In calculating NV, Petitioners based the quantity of each of the inputs used to manufacture aluminum extrusions in the PRC on product-specific production costs and/or consumption rates of an aluminum extrusions producer in the United States ("Surrogate Domestic Producer") for identical or similar merchandise during the POI. *See* Volume II of the Petition, at 5-8 and Exhibits II-2, II-6, II-7 and

II–9. Petitioners state that the actual usage rates of the foreign manufacturers of aluminum extrusions are not reasonably available; however, Petitioners note that according to the information available, the production of aluminum extrusions relies on similar production methods to the Surrogate Domestic Producer. See Volume II of the Petition, at 5 and Exhibit II–8.

As noted above, Petitioners determined the consumption quantities of all raw materials based on the production experience of the Surrogate Domestic Producer. Petitioners valued most of the factors of production based on reasonably available, public surrogate country data, specifically, Indian import statistics from the Global Trade Atlas (“GTA”). See Volume II of the Petition, at 6–8; see also Second Supplement to the AD Petition, at Exhibit S–2. Petitioners excluded from these import statistics imports from countries previously determined by the Department to be NME countries. Petitioners also excluded import statistics from Indonesia, the Republic of Korea, and Thailand, as the Department has previously excluded prices from these countries because they maintain broadly available, non–industry-specific export subsidies. See Second Supplement to the AD Petition, at Exhibit S–2. Petitioners valued certain other factors of production using price data obtained from the Bombay Metal Exchange, as published by Reuters India. See Volume II of the Petition, at 7, and Second Supplement to the AD Petition, at Exhibit S–1. In addition, Petitioners made currency conversions, where necessary, based on the POI–average rupee/U.S. dollar exchange rate, as reported on the Department’s web site. See Volume II of the Petition, at 7 and Exhibit II–11. Petitioners determined labor costs using the labor consumption, in hours, derived from the Surrogate Domestic Producer’s experience. See Volume II of the Petition, at 7 and Exhibits II–6 and II–9. Petitioners valued labor costs using the Department’s NME Wage Rate for the PRC at <http://ia.ita.doc.gov/wages/07wages/final/final–2009–2007–wages.html>. See Volume II of the Petition, at 7 and Exhibit II–13. For purposes of initiation, the Department determines that the surrogate values used by Petitioners are reasonably available and, thus, acceptable for purposes of initiation.

Petitioners determined electricity costs using the electricity consumption, in kilowatt hours, derived from the Surrogate Domestic Producer’s experience. See Volume II of the Petition, at 7 and Exhibit II–14; see also

Supplement to the AD Petition at Exhibit S–3. Petitioners valued electricity using the Indian electricity rate reported by the Central Electric Authority of the Government of India. See Supplement to the AD Petition, at 7 and Exhibit S–3. Petitioners determined natural gas costs using the natural gas consumption, in million British thermal units (“mmBtu”), derived from the Surrogate Domestic Producer’s experience. See Volume II of the Petition, at 8, and Exhibit II–6 and II–9. Petitioners valued natural gas using the same methodology the Department used in the recent initiation of *Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from Indonesia and the People’s Republic of China*, which was based on Indian import statistics. See Volume II of the Petition, at 8 and Exhibit II–15.

Petitioners determined packing costs using data from the GTA, derived from the Surrogate Domestic Producer’s experience. See Volume II of the Petition, at Exhibit II–6; see also Supplement to the AD Petition, at 4 and Exhibits S–4 and S–6.

Petitioners based factory overhead, selling, general and administrative expenses, and profit on data from Jindal Aluminium, Ltd., a producer of aluminum extrusions, for the 2008 2009 fiscal year. See Volume II of the Petition, at 8 and Exhibit II–16.

Fair-Value Comparisons

Based on the data provided by Petitioners, there is reason to believe that imports of aluminum extrusions from the PRC are being, or are likely to be, sold in the United States at less than fair value. Based on a comparison of U.S. prices and NV calculated in accordance with section 773(c) of the Act, as described above, the estimated dumping margins for aluminum extrusions from the PRC range from 32.57 percent to 33.32 percent. See Checklist and Second Supplement to the AD Petition at Exhibit S–2.

Initiation of Antidumping Investigation

Based upon the examination of the Petition on aluminum extrusions from the PRC, the Department finds the Petition meets the requirements of section 732 of the Act. Therefore, we are initiating an antidumping duty investigation to determine whether imports of aluminum extrusions from the PRC are being, or are likely to be, sold in the United States at less than fair value. In accordance with section 733(b)(1)(A) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determinations no

later than 140 days after the date of this initiation.

Targeted Dumping Allegations

On December 10, 2008, the Department issued an interim final rule for the purpose of withdrawing 19 CFR 351.414(f) and (g), the regulatory provisions governing the targeted dumping analysis in antidumping duty investigations, and the corresponding regulation governing the deadline for targeted dumping allegations, 19 CFR 351.301(d)(5). See *Withdrawal of the Regulatory Provisions Governing Targeted Dumping in Antidumping Duty Investigations*, 73 FR 74930 (December 10, 2008). The Department stated that “withdrawal will allow the Department to exercise the discretion intended by the statute and, thereby, develop a practice that will allow interested parties to pursue all statutory avenues of relief in this area.” *Id.* at 74931.

In order to accomplish this objective, if any interested party wishes to make a targeted dumping allegation in this investigation pursuant to section 777A(d)(1)(B) of the Act, such allegation is due no later than 45 days before the scheduled date of the preliminary determination.

Respondent Selection

For this investigation, the Department will request quantity and value information from known exporters and producers identified with complete contact information in the Petition. The quantity and value data received from NME exporters/producers will be used as the basis to select the mandatory respondents.

The Department requires that the respondents submit a response to both the quantity and value questionnaire and the separate–rate application by the respective deadlines in order to receive consideration for separate–rate status. See *Circular Welded Austenitic Stainless Pressure Pipe from the People’s Republic of China: Initiation of Antidumping Duty Investigation*, 73 FR 10221, 10225 (February 26, 2008); *Initiation of Antidumping Duty Investigation: Certain Artist Canvas From the People’s Republic of China*, 70 FR 21996, 21999 (April 28, 2005). On the date of the publication of this initiation notice in the **Federal Register**, the Department will post the quantity and value questionnaire along with the filing instructions on the Import Administration web site at <http://ia.ita.doc.gov/ia-highlights-and-news.html>, and a response to the quantity and value questionnaire is due no later than May 11, 2010. Also, the

Department will send the quantity and value questionnaire to those PRC companies identified in the Petition in Volume I of the Petition, at Exhibit I–8.

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. Instructions for filing such applications may be found on the Department's web site at <http://ia.ita.doc.gov/apo>.

Separate Rates Application

In order to obtain separate-rate status in NME investigations, exporters and producers must submit a separate-rate status application. See Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries, dated April 5, 2005 ("Policy Bulletin"), available on the Department's web site at <http://ia.ita.doc.gov/policy/bull05-1.pdf>. Based on our experience in processing the separate-rate applications in previous antidumping duty investigations, we have modified the application for this investigation to make it more administrable and easier for applicants to complete. See, e.g., *Initiation of Antidumping Duty Investigation: Certain New Pneumatic Off-the-Road Tires From the People's Republic of China*, 72 FR 43591, 43594–95 (August 6, 2007). The specific requirements for submitting the separate-rate application in this investigation are outlined in detail in the application itself, which will be available on the Department's web site at <http://ia.ita.doc.gov/ia-highlights-and-news.html> on the date of publication of this initiation notice in the **Federal Register**. The separate-rate application will be due 60 days after publication of this initiation notice. For exporters and producers who submit a separate-rate status application and subsequently are selected as mandatory respondents, these exporters and producers will no longer be eligible for consideration for separate rate status unless they respond to all parts of the questionnaire as mandatory respondents. As noted in the "Respondent Selection" section above, the Department requires that respondents submit a response to both the quantity and value questionnaire and the separate rate application by the respective deadlines in order to receive consideration for separate-rate status.

Use of Combination Rates in an NME Investigation

The Department will calculate combination rates for certain respondents that are eligible for a

separate rate in this investigation. The Policy Bulletin states:

{ }hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of "combination rates" because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation.

See Policy Bulletin at 6 (emphasis added).

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act and 19 CFR 351.202(f), copies of the public versions of the Petition have been provided to the representatives of the Government of the PRC. Because of the large number of producers/exporters identified in the Petition, the Department considers the service of the public version of the Petition to the foreign producers/exporters satisfied by the delivery of the public version to the Government of the PRC, consistent with 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiations, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will preliminarily determine, no later than May 17, 2010, whether there is a reasonable indication that imports of aluminum extrusions from the PRC are materially injuring, or threatening material injury to a U.S. industry. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: April 20, 2010.

Ronald K. Lorentzen,

Deputy Assistant Secretary for Import Administration.

Attachment I

Scope of the Investigations

The merchandise covered by these investigations 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 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.

Subject extrusions may be identified with reference to their end use, such as 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 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 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, picture frames, and solar panels. The scope also excludes finished goods containing aluminum extrusions that are entered unassembled in a "kit." A 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.

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.

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. While HTS subheadings are provided for convenience and customs purposes, the written description of the scope in this proceeding is dispositive. [FR Doc. 2010-9743 Filed 4-26-10; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

(C-570-968)

Aluminum Extrusions from the People's Republic of China: Initiation of Countervailing Duty Investigation

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: April 28, 2010.

FOR FURTHER INFORMATION CONTACT: Patricia Tran and Brandon Farlander, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1503 and (202) 482-0182, respectively.

SUPPLEMENTARY INFORMATION:

The Petition

On March 31, 2010, the Department of Commerce ("Department") received a countervailing duty ("CVD") petition concerning imports of certain aluminum extrusions from the People's Republic of China ("PRC") filed in proper form by the Aluminum Extrusions Fair Trade Committee¹ and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (collectively, "Petitioners"). See The Petitions for the Imposition of Antidumping and Countervailing Duties Against Aluminum Extrusions from the People's Republic of China, dated March 31, 2010 (the Petition). On April 6, 2010, the Department issued requests to Petitioners for additional information and for clarification of certain areas of the Petition. Based on the Department's requests, Petitioners filed a supplement to the Petition, regarding general issues, on April 9, 2010 ("Supplement to the AD/CVD Petitions").

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended ("Act"), Petitioners allege that producers/exporters of aluminum extrusions from the PRC received countervailable subsidies within the meaning of sections 701 and 771(5) of the Act, and that imports from these producers/exporters materially injure, and threaten further material injury to, an industry in the United States.

The Department finds that Petitioners filed the Petition on behalf of the domestic industry because Petitioners are interested parties, as defined in section 771(9)(C),(D), and (F) of the Act, and have demonstrated sufficient industry support with respect to the investigation that they request the Department to initiate (*see* "Determination of Industry Support for the Petition" below).

Period of Investigation

The period of investigation is January 1, 2009, through December 31, 2009.

Scope of Investigation

The products covered by this investigation are aluminum extrusions from the PRC. For a full description of the scope of the investigation, please see the "Scope of the Investigation" in Appendix I of this notice.

¹ The individual members of the Aluminum Extrusions Fair Trade Committee are 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 Extrusion Company, Sapa Extrusions, Inc., and Western Extrusions Corporation.

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.

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combination of parts that contains, at the time of importation, all of the necessary parts to fully assemble a final finished good.

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.

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. While HTS subheadings are provided for convenience and customs purposes, the written description of the scope in this proceeding is dispositive. [FR Doc. 2010-9743 Filed 4-26-10; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

(C-570-968)

Aluminum Extrusions from the People's Republic of China: Initiation of Countervailing Duty Investigation

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: April 28, 2010.

FOR FURTHER INFORMATION CONTACT: Patricia Tran and Brandon Farlander, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1503 and (202) 482-0182, respectively.

SUPPLEMENTARY INFORMATION:

The Petition

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In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended ("Act"), Petitioners allege that producers/exporters of aluminum extrusions from the PRC received countervailable subsidies within the meaning of sections 701 and 771(5) of the Act, and that imports from these producers/exporters materially injure, and threaten further material injury to, an industry in the United States.

The Department finds that Petitioners filed the Petition on behalf of the domestic industry because Petitioners are interested parties, as defined in section 771(9)(C),(D), and (F) of the Act, and have demonstrated sufficient industry support with respect to the investigation that they request the Department to initiate (*see* "Determination of Industry Support for the Petition" below).

Period of Investigation

The period of investigation is January 1, 2009, through December 31, 2009.

Scope of Investigation

The products covered by this investigation are aluminum extrusions from the PRC. For a full description of the scope of the investigation, please see the "Scope of the Investigation" in Appendix I of this notice.

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Comments on Scope of Investigation

During our review of the Petition, we discussed the scope with Petitioners to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the Department's regulations (*Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding product coverage of the scope. The Department encourages all interested parties to submit such comments by May 10, 2010, twenty calendar days from the signature date of this notice. Comments should be addressed to Import Administration's APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of the scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determination.

Consultations

Pursuant to section 702(b)(4)(A)(ii) of the Act, on April 1, 2010, the Department invited representatives of the Government of the PRC (GOC) for consultations with respect to the CVD petition. On April 12, 2010, the Department held consultations with representatives of the GOC via conference call. See Ex-Parte Memorandum on Consultations regarding the Petition for Imposition of Countervailing Duties on Aluminum Extrusions from the People's Republic of China. Further discussions were held with representatives of the GOC on April 19, 2010. See Ex-Parte Memorandum on Meeting with Ambassador Zhang Yesui.

Determination of Industry Support for the Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic

producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the "industry" as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The U.S. International Trade Commission ("ITC"), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. See *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001), citing *Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 644 (CIT 1988), *aff'd* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989).

Section 771(10) of the Act defines the 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 under this subtitle." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation" (i.e., the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, Petitioners do not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that aluminum extrusions constitute a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, see Countervailing Duty Investigation Initiation Checklist: Aluminum Extrusions from the PRC

("Initiation Checklist") at Attachment II, dated concurrently with this notice and on file in the Central Records Unit, Room 1117 of the main Department of Commerce building.

In determining whether Petitioners have standing, under section 702(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic like product as defined in the "Scope of Investigation" section above. To establish industry support, Petitioners provided their production of the domestic like product in 2009. See Volume I of the Petition at Exhibit I-3. In addition, Petitioners provided letters of support from ten additional companies that produce the domestic like product. See *id.* Petitioners compared their production and the production of the supporters of the Petition to the estimated total production of the domestic like product for the entire domestic industry. See Volume I of the Petition at 3-4 and Exhibits I-3 and I-4. Petitioners estimated total industry production of the domestic like product for 2009 using industry-wide shipment data from the Aluminum Association, which according to Petitioners is "an independent and authoritative source for aluminum industry data." See Volume I of the Petition, at 3. We have relied upon data Petitioners provided for purposes of measuring industry support. For further discussion, see Checklist at Attachment II.

Our review of the data provided in the Petition, supplemental submissions, and other information readily available to the Department indicates that Petitioners have established industry support. First, the Petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (e.g., polling). See section 702(c)(4)(D) of the Act and Initiation Checklist at Attachment II. Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product. See Initiation Checklist at Attachment II. Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petition account for more than 50 percent of the

production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition. Accordingly, the Department determines that the Petition was filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act. *See id.*

The Department finds that Petitioners filed the Petition on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C),(D) and (F) of the Act and they have demonstrated sufficient industry support with respect to the antidumping investigation that they are requesting the Department initiate. *See id.*

Injury Test

Because the PRC is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of the subject merchandise from the PRC materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Injury and Causation

Petitioners allege that imports of aluminum extrusions from the PRC are benefitting from countervailable subsidies and that such imports are causing, or threaten to cause, material injury to the domestic industry producing aluminum extrusions. In addition, Petitioners allege that subsidized imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

Petitioners contend that the industry’s injured condition is illustrated by reduced market share, increased raw material cost, lost sales, declining capacity, production, shipments, underselling and price depression or suppression, reduced employment, hours worked, and wages paid, declines in financial performance, lost sales and revenue, and an increase in import penetration. *See* Volume I of the Petition, at 16, 19–27, 30–33, and Exhibits I–10 through I–15, III–33, and Supplement to AD/CVD Petitions, dated April 9, 2010, at 8–9, and Attachment 4. We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* Initiation Checklist at Attachment III.

Initiation of Countervailing Duty Investigation

Section 702(b)(1) of the Act requires the Department to initiate a CVD proceeding whenever an interested party files a petition on behalf of an industry that: (1) alleges the elements necessary for an imposition of a duty under section 701(a) of the Act; and (2) is accompanied by information reasonably available to the petitioner(s) supporting the allegations.

The Department has examined the Petition on aluminum extrusions from the PRC and finds that it complies with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating a CVD investigation to determine whether manufacturers, producers, or exporters of aluminum extrusions in the PRC receive countervailable subsidies. For a discussion of evidence supporting our initiation determination, *see* Initiation Checklist.

We are including in our investigation the following programs alleged in the Petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in the PRC:

- A. Preferential Loans and Interest Rates
 1. Policy Loans to the Aluminum Extrusion Producers
 2. Loans and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program
- B. Income Tax Programs
 1. Tax Exemptions for “Productive” FIEs (Two Free, Three Half)
 2. Provincial Tax Exemptions and Reductions for “Productive” FIEs
 3. Tax Reductions for FIEs Purchasing Chinese–Made Equipment
 4. Tax Reductions for FIEs in Designated Geographic Locations
 5. Tax Reductions for Technology- or Knowledge- Intensive FIEs
 6. Tax Reductions for FIEs that are also HNTes
 7. Tax Reductions for HTNEs Involved in Designated Projects
 8. Tax Offsets for Research and Development at FIEs
 9. Tax Credits for Domestically Owned Companies Purchasing Chinese–Made Equipment
 10. Tax Reductions for Export–Oriented FIEs
 11. Tax Refunds for Reinvestment of FIE Profits in Export–Oriented Enterprises
 12. Accelerated Depreciation for Enterprises Located in the Northeast Region
 13. Forgiveness of Tax Arrears for

Enterprises in the Old Industrial Bases of Northeast China

- C. Other Tax Programs
 1. VAT and Tariff Exemptions on Imported Equipment
 2. VAT Rebates on FIE Purchases of Chinese–Made Equipment
 3. City Tax and Surcharge Exemptions for FIEs
 4. Exemptions from Administrative Charges for Companies in Zhaoqing High-Tech Industry Development Zone
- D. Grant Programs
 1. The State Key Technology Renovation Project Fund
 2. “Famous Brands” Awards
 3. Grants to Cover Legal Fees in Trade Remedy Cases in Shenzhen
 4. Special Fund for Energy Saving Technology Reform: Guangdong Province
 5. The Clean Production Technology Fund
 6. Grants for Listing Shares: Liaoyang City (Guangzhou Province), Wenzhou Municipality (Zhejiang Province), and Quanzhou Municipality (Fujian Province)
 7. The Northeast Region Foreign Trade Development Fund
 8. The Northeast Region Technology Reform Fund
- E. Government Provision of Goods or Services For Less Than Adequate Remuneration (“LTAR”)
 1. Land Use Rights in the Liaoyang High–Tech Industry Development Zone
 2. Allocated Land Use Rights for SOEs
 3. Primary Aluminum
- F. Government Purchase of Goods For More Than Adequate Remuneration (“MTAR”)

For further information explaining why the Department is investigating these programs, *see* Initiation Checklist.

We are not including in our investigation the following programs alleged to benefit producers and exporters of the subject merchandise in the PRC:

- A. Debt Forgiveness of Asia Aluminum

Petitioners allege that the GOC allowed managers of Asia Aluminum to buy the company’s assets free of certain obligations and prohibited the original debt holders from enforcing their legal rights, thus effectively mandating forgiveness of the company’s debt. Petitioners fail to establish a financial contribution by the government for the alleged debt forgiveness. The facts presented do not demonstrate that there was a financial contribution on the part of the government. Consequently, we do not plan on investigating this program.

B. Debt-to-Equity (“D/E”) Swaps for Companies in the Aluminum Sector

Petitioners allege that the China Development Bank and two state-owned asset management corporations traded approximately 3.4 billion renminbi (“RMB”) of debt owed by Aluminum Corporation of China and additional debt owed by Pinguo Aluminum for equity in the companies. The D/E swaps detailed by Petitioners occurred prior to the December 11, 2001, cut-off date that the Department uses for investigating subsidies in the PRC. Consistent with recent CVD determinations, we continue to find that it is appropriate and administratively desirable to identify a uniform date from which the Department will identify and measure subsidies in the PRC for purposes of the CVD law, and have adopted December 11, 2001, the date on which the PRC became a member of the WTO, as that date.² Therefore, Petitioners have not provided the Department with a factual basis to conclude that D/E swaps conferring benefits to producers of aluminum extrusion occurred in the period in which the Department will identify and measure subsidies in the PRC for purposes of the CVD law. Consequently, we do not plan on investigating this program.

C. Tax Exemptions and Reductions for Enterprises that Utilize Recycled Materials

Petitioners allege that, as reported to the WTO, the GOC has implemented a program to assist companies that recycle. Petitioners fail to establish that any subsidies under the program are specific. In particular, they do not support their contention that the program is limited to an enterprise or industry or group of enterprises or industries. Consequently, we do not plan on investigating this program.

D. The State Science and Technology Support Scheme

According to Petitioners, this program provides grants to promote research aimed at resolving scientific or technological problems regarding economic and social development. The Department finds there is insufficient evidence to establish specificity for this program. While Petitioners allege that recipients of benefits under this program are selected based on the GOC’s designation of certain industries for development, the evidence provided does not support this claim.

² See *Certain Kitchen Shelving and Racks from the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 74 FR 37012 (July 27, 2009) (“KASR from the PRC”), and accompanying IDM at Comment 3.

Consequently, we do not plan on investigating this program.

We are deferring a decision on whether to initiate an investigation of the following programs:

A. Land Use Rights Conferred to Asia Aluminum

Petitioners assert that the Zhaoqing City High-Tech Development Zone allowed aluminum producer Asia Aluminum to acquire land use rights for 50 years, and then later, the Development Zone returned the payment to Asia Aluminum because of the company’s construction of infrastructure. The Department will decide whether to initiate this allegation only if Asia Aluminum is selected as a respondent.

B. Currency Undervaluation
Petitioners allege that the GOC intervenes in the foreign exchange market by buying dollars and artificially bidding up their value to ensure that the RMB/dollar exchange rate understates the value of the RMB vis a vis the dollar. The Department has carefully considered the currency allegation, which is similar to an allegation currently under consideration in the pending coated paper countervailing duty investigation from the PRC. At this time, given the unique nature of the alleged subsidy and the complex methodological issues that it raises under the CVD law, the Department has determined that additional study of the allegation is appropriate before an initiation decision may be made.

Respondent Selection

For this investigation, the Department expects to select respondents based on CBP data for U.S. imports during the period of investigation. We intend to make our decision regarding respondent selection within 20 days of publication of this **Federal Register** notice. The Department invites comments regarding the CBP data and respondent selection within seven calendar days of publication of this **Federal Register** notice.

Distribution of Copies of the Petition

In accordance with section 702(b)(4)(A)(i) of the Act and 19 CFR 351.202(f), a copy of the public version of the Petition has been provided to the representatives of the Government of the PRC. Because of the particularly large number of producers/exporters identified in the Petition, the Department considers the service of the public version of the Petition to the foreign producers/exporters satisfied by the delivery of the public version to the Government of the PRC, consistent with 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiation, as required by section 702(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, within 45 days after the date on which the Petition is filed, whether there is a reasonable indication that imports of subsidized aluminum extrusions from the PRC are causing material injury, or threatening to cause material injury, to a U.S. industry. See section 703(a)(2) of the Act. A negative ITC determination will result in the investigation being terminated; otherwise, the investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

April 20, 2010.

Ronald K. Lorentzen,

Deputy Assistant Secretary for Import Administration.

Attachment I

Scope of the Investigations

The merchandise covered by these investigations 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 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.

Subject extrusions may be identified with reference to their end use, such as 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 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 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, picture frames, and solar panels. The scope also excludes finished goods containing aluminum extrusions that are entered unassembled in a "kit." A 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.

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.

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. While HTS subheadings are provided for convenience and customs purposes, the written description of the scope in this proceeding is dispositive.

[FR Doc. 2010-9742 Filed 4-26-10; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE

National Institute of Standards and Technology

Notice of Invention Available for Licensing

AGENCY: National Institute of Standards and Technology, Commerce.

ACTION: Notice of invention available for licensing.

SUMMARY: The invention listed below is owned by the U.S. Government, as represented by the Department of Commerce. The Department of Commerce's interest in the invention is available for licensing in accordance with 35 U.S.C. 207 and 37 CFR part 404 to achieve expeditious commercialization of results of federally funded research and development.

FOR FURTHER INFORMATION CONTACT: Technical and licensing information on this invention may be obtained by writing to: National Institute of Standards and Technology, Office of Technology Partnerships, Building 222, Room A242, Gaithersburg, MD 20899. Information is also available via telephone: 301-975-2649, fax 301-975-3482, or e-mail: nathalie.rioux@nist.gov. Any request for information should include the NIST Docket number or Patent number and title for the invention as indicated below. The invention available for licensing is:

[NIST Docket Number: 06-011CIP]

Title: Gradient Elution Electrophoresis and Detectorless Electrophoresis Apparatus.

Abstract: A microfluidic apparatus and method for performing electrophoretic separation of compounds. The apparatus comprises: (a) A first container for containing a sample fluid; (b) a second container for containing a separation buffer fluid; (c) a channel of a first length having an inlet end and an outlet end, the inlet end connected to the first container and the outlet end connected to the second container; (d) a voltage device electrically connected to the first container and the second container, the voltage device facilitating adjustment of the amount of voltage to the first container and the second container; (e) a controller for controlling the velocity flow of the sample fluid through the channel from the first container towards the second container; and (f) a measuring device for measuring the current through the channel. The method comprises the steps of: (a) Providing a separation buffer; (b) providing a sample solution in fluid contact with the separation buffer; (c)

APPENDIX B
CONFERENCE WITNESSES

CALENDAR OF PUBLIC CONFERENCE

Those listed below are scheduled to appear as witnesses at the United States International Trade Commission's conference:

Subject: Certain Aluminum Extrusion from China
Inv. Nos.: 701-TA-475 and 731-TA-1177 (Preliminary)
Date and Time: Wednesday, April 21, 2010 - 9:30 a.m.

The conference in connection with these investigations will be held in the Main Hearing Room (Room 101), 500 E Street, SW, Washington, D.C.

OPENING REMARKS:

TIME ALLOCATION:

Petitioners (Stephen A. Jones, Esq., King & Spalding, LLP)

5 mins

In Support of the Imposition of Antidumping and Countervailing Duties:

TIME ALLOCATION:

King & Spalding, LLP

60 mins

Washington, DC

on behalf of: 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").

Witness names:

Duncan A. Crowdis, President
Bonnell Aluminum

Jeffrey S. Henderson, Director of Marketing
Sapa Extrusions, Inc.

Peter P. Vander Velde, Esq., Group General Counsel
Sapa Extrusions, Inc.

Susan D. Johnson, President
Futura Industries Corp.

Lynn Brown, Senior Vice President, Sales and Marketing
Hydro Aluminum North America, Inc.

¹ The Committee is comprised of the following members: Aerolite Extrusion Company, Youngstown, 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.

**In Support of the Imposition of Antidumping and
Countervailing Duties:--CONTINUED**

Linda Andros, Esq.,
United Steelworkers

Stephen A. Jones, Esq.
Rebecca L. Woodings, Consultant

)--OF COUNSEL
)

**In Opposition to the Imposition of Antidumping and Countervailing
Duties:**

TIME ALLOCATION:

Peng Cheng Aluminum Enterprise, Inc. (USA)
Walnut, CA

5-10 mins
(requested)

Witness names:

Shao Johnson, President
Peng Cheng Aluminum Enterprise, Inc. (USA)

Charlie Pok, General Counsel
Peng Cheng Aluminum Enterprise, Inc. (USA)

CLOSING REMARKS:

TIME ALLOCATION:

Petitioners (Stephen A. Jones, Esq., King & Spalding, LLP)

10 mins

APPENDIX C
SUMMARY TABLES

Table C-1
Aluminum extrusions: Summary data concerning the U.S. market, 2007-09

(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		
	2007	2008	2009	2007-09	2007-08	2008-09
U.S. consumption quantity:						
Amount	1,422,275	1,248,460	1,058,830	-25.6	-12.2	-15.2
Producers' share (1)	81.9	82.6	71.7	-10.2	0.7	-10.9
Importers' share (1):						
China	8.0	7.2	20.1	12.1	-0.7	12.9
Canada	6.2	6.4	5.5	-0.6	0.2	-0.9
Other sources	4.0	3.8	2.7	-1.3	-0.2	-1.1
Subtotal, nonsubject.	10.2	10.2	8.3			
Total imports	18.1	17.4	28.3	10.2	-0.7	10.9
U.S. consumption value:						
Amount	6,107,861	5,377,621	3,579,684	-41.4	-12.0	-33.4
Producers' share (1)	82.1	82.0	74.6	-7.5	-0.1	-7.4
Importers' share (1):						
China	6.7	6.3	15.4	8.7	-0.4	9.1
Canada	6.0	6.2	5.6	-0.4	0.2	-0.6
Other sources	5.2	5.5	4.4	-0.8	0.3	-1.1
Subtotal, nonsubject.	11.2	11.7	10.0			
Total imports	17.9	18.0	25.4	7.5	0.1	7.4
U.S. imports from:						
China:						
Quantity	113,150	90,085	212,717	88.0	-20.4	136.1
Value	410,220	339,612	551,164	34.4	-17.2	62.3
Unit value	\$3,625	\$3,770	\$2,591	-28.5	4.0	-31.3
Ending inventory quantity	12,610	10,292	32,537	158.0	-18.4	216.1
Canada:						
Quantity	87,695	79,886	58,458	-33.3	-8.9	-26.8
Value	366,975	333,234	201,876	-45.0	-9.2	-39.4
Unit value	\$4,185	\$4,171	\$3,453	-17.5	-0.3	-17.2
Ending inventory quantity	240	360	491	104.6	50.0	36.4
Other sources:						
Quantity	57,295	47,335	28,909	-49.5	-17.4	-38.9
Value	317,325	294,476	156,245	-50.8	-7.2	-46.9
Unit value	\$5,538	\$6,221	\$5,405	-2.4	12.3	-13.1
Ending inventory quantity	1,593	751	921	-42.2	-52.9	22.6
Subtotal, nonsubject						
Quantity	144,990	127,221	87,367	-39.7	-12.3	-31.3
Value	684,300	627,709	358,121	-47.7	-8.3	-42.9
Unit value	\$4,720	\$4,934	\$4,099	-13.2	4.5	-16.9
Ending inventory quantity	1,833	1,111	1,412	-23.0	-39.4	27.1
All sources:						
Quantity	258,140	217,306	300,084	16.2	-15.8	38.1
Value	1,094,520	967,322	909,285	-16.9	-11.6	-6.0
Unit value	\$4,240	\$4,451	\$3,030	-28.5	5.0	-31.9
Ending inventory quantity	16,276	11,403	33,949	108.6	-29.9	197.7

Table continued on next page.

Table C-1--Continued
Aluminum extrusions: Summary data concerning the U.S. market, 2007-09

(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		
	2007	2008	2009	2007-09	2007-08	2008-09
U.S. producers':						
Average capacity quantity . .	1,730,651	1,671,426	1,582,980	-8.5	-3.4	-5.3
Production quantity	1,181,968	1,060,757	785,626	-33.5	-10.3	-25.9
Capacity utilization (1)	68.3	63.5	49.6	-27.3	-7.1	-21.8
U.S. shipments:						
Quantity	1,164,135	1,031,154	758,746	-34.8	-11.4	-26.4
Value	5,013,341	4,410,299	2,670,399	-46.7	-12.0	-39.5
Unit value	4,306	4,277	3,519	-18.3	-0.7	-17.7
Export shipments:						
Quantity	24,111	25,882	29,415	22.0	7.3	13.7
Value	134,053	134,085	119,882	-10.6	0.0	-10.6
Unit value (\$/short ton)	5,560	5,181	4,076	-26.7	-6.8	-21.3
Ending inventory quantity	47,331	45,602	37,194	-21.4	-3.7	-18.4
Inventories/total shipments (. . .	4.0	4.3	4.7	0.7	0.3	0.4
Production workers	12,407	10,611	7,929	-36.1	-14.5	-25.3
Hours worked (1,000s)	23,486	21,915	16,103	-31.4	-6.7	-26.5
Wages paid (\$1,000)	434,287	442,278	327,445	-24.6	1.8	-26.0
Hourly wages	\$18	\$20	\$20	10.0	9.1	0.8
Productivity (short tons per h . . .	0.05	0.05	0.05	-3.1	-3.8	0.8
Unit labor costs (\$/short ton) . . .	\$367	\$417	\$417	13.4	13.5	-0.0
Net sales:						
Quantity	1,113,242	992,025	729,930	-34.4	-10.9	-26.4
Value	4,918,361	4,341,479	2,637,336	-46.4	-11.7	-39.3
Unit value (\$/short ton)	4,418	4,376	3,613	-18.2	-0.9	-17.4
Cost of goods sold (COGS)	4,523,909	4,124,579	2,443,776	-46.0	-8.8	-40.8
Gross profit or (loss)	394,452	216,900	193,560	-50.9	-45.0	-10.8
SG&A expenses	281,785	270,502	249,779	-11.4	-4.0	-7.7
Operating income or (loss)	112,668	(53,602)	(56,219)	(2)	(2)	-4.9
Capital expenditures	96,294	145,810	62,096	-35.5	51.4	-57.4
Unit COGS	4,064	4,158	3,348	-17.6	2.3	-19.5
Unit SG&A expenses	253	273	342	35.2	7.7	25.5
Unit operating income or (los	101	(54)	(77)	(2)	(2)	-42.5
COGS/sales (1)	92.0	95.0	92.7	0.7	3.0	-2.3
Operating income or (loss)/						
sales (1)	2.3	-1.2	-2.1	-4.4	-3.5	-0.9

(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 statistics of the U.S. Department of Commerce.

APPENDIX D
SELECTED FINANCIAL INFORMATION BY FIRM

Table D-1
Aluminum Extrusions: Selected financial information on U.S. producers' operations, by firm, 2007-09

* * * * *

APPENDIX E

**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

Aerolite Extrusion	***
Alexandria Extrusion	***
Astro Shapes	***
Benada Aluminum	***
Bonnell	***
Brazeway	***
Custom Aluminum Products	***
Empire Resources Extrusions	***
Extruders	***
Extrusions	***
Frontier Aluminum	***
Futura Industries	***
General Extrusions	***
Hydro Aluminum	***
International Extrusions	***
Kaiser Aluminum	***
Light Metals	***
Mid-States Aluminum	***
MI Metals	***
Minalex	***
Patrick Aluminum	***
Peerless of America	***
Penn Aluminum	***
Pennex Aluminum	***
Pries Enterprises	***
Profile Extrusion	***
Richardson Metals	***
Sapa Extrusions	***
Service Center Metals	***
Silver City Aluminum	***
Tower Extrusions	***
Valmont Industries	***
Vitex Extrusion	***
Wakefield Solutions	***
Western Extrusions	***
YKK AP America	***

¹ ***

Anticipated Negative Effects

Aerolite Extrusion	***
Alexandria Extrusion	***
Astro Shapes	***
Benada Aluminum	***
Bonnell	***
Brazeway	***
Custom Aluminum Products	***
Empire Resources Extrusions	***
Extruders	***
Extrusions	***
Frontier Aluminum	***
Futura Industries	***
General Extrusions	***
Hydro Aluminum	***
International Extrusions	***
Kaiser Aluminum	***
Light Metals	***
MI Metals	***
Mid-States Aluminum	***
Minalex	***
Patrick Aluminum	***
Peerless of America	***
Penn Aluminum	***
Pennex Aluminum	***
Pries Enterprises	***
Profile Extrusion	***
Richardson Metals	***
Sapa Extrusions	***
Service Center Metals	***
Silver City Aluminum	***
Tower Extrusions	***
Valmont Industries	***
Vitex Extrusion	***
Wakefield Solutions	***
Western Extrusions	***
YKK AP America	***