



OTTAWA, October 18, 2013

STATEMENT OF REASONS

**Concerning a determination under paragraph 76.03(7)(a) of
the *Special Import Measures Act* regarding**

**CERTAIN ALUMINUM EXTRUSIONS ORIGINATING
IN OR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA**

DECISION

On October 3, 2013, pursuant to paragraph 76.03(7)(a) of the *Special Import Measures Act*, the President of the Canada Border Services Agency determined that the expiry of the finding made by the Canadian International Trade Tribunal on March 17, 2009, in Inquiry No. NQ-2008-003, and as revised on February 20, 2011, in Inquiry No. NQ-2008-003R, concerning the dumping and subsidizing of certain aluminum extrusions originating in or exported from the People's Republic of China was likely to result in the continuation or resumption of dumping and subsidizing of these goods into Canada.

Cet *Énoncé des motifs* est également disponible en français.
This *Statement of Reasons* is also available in French.

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SUMMARY

[1] On June 5, 2013, the Canadian International Trade Tribunal (Tribunal), pursuant to subsection 76.03(3) of the *Special Import Measures Act (SIMA)*, initiated an expiry review of its findings made on March 17, 2009, in Inquiry No. NQ-2008-003, and as amended on February 10, 2011, in Inquiry No. NQ-2008-003R, concerning the dumping and subsidizing of certain aluminum extrusions originating in or exported from the People's Republic of China (China).

[2] As a result of the Tribunal's notice, on June 6, 2013, the Canada Border Services Agency (CBSA) commenced an investigation to determine whether the expiry of the findings is likely to result in the continuation or resumption of dumping and/or subsidizing of the goods from China.

[3] Almag Aluminum Inc. (Almag), Apel Extrusions Limited (Apel), Apex Aluminum Extrusions (Apex), Can Art Aluminum Extrusion Inc. (Can Art), Dajcor Aluminum (Dajcor), Extrudex Aluminum (Extrudex), Extrudex Aluminium Quebec S.E.C. (Extrudex Quebec), Metra Aluminum Inc. (Metra), Sapa Canada, Inc. (Sapa), and Spectra Aluminum Products Ltd./Spectra Anodizing Inc. (Spectra) provided responses to the producers Expiry Review Questionnaire (ERQ).

[4] Almag, Apel, Apex, Can Art, Dajcor, Extrudex, Extrudex Quebec, Metra, Sapa and Spectra are collectively referred to in this report as 'the Canadian producers. The Canadian producers also submitted a single consolidated case brief.¹ The Canadian producers did not provide a reply submission.

[5] The Canadian producers provided information in support of their position that continued or resumed dumping and subsidizing of certain aluminum extrusions from China is likely if the Tribunal's findings are rescinded.

[6] The CBSA received responses to the ERQ from nine importers. No importers provided case briefs or reply submissions. No importers expressed an opinion regarding whether continued or resumed dumping and subsidizing of certain aluminum extrusions from China is likely.

[7] The CBSA received one exporter response to the ERQ. This exporter manufactured and sold subject goods to importers in Canada throughout the Period of Review (POR) from January 1, 2010 to March 31, 2013. The exporter did not provide a case brief or reply submission. The exporter did not express an opinion regarding the likelihood of continued or resumed dumping and subsidizing of certain aluminum extrusions from China.

¹ Exhibits 94 (NC) – Case Brief Canadian producers.

[8] The CBSA did not receive a response to the ERQ from the Government of China (GOC) nor did the GOC provide a case brief or reply submission.

[9] Analysis of information on the record indicates that exporters in China: have a sustained interest in the Canadian market as evidenced by the volume of subject goods exported to Canada during the POR; have excess production capacity for aluminum in China; have high volumes of stockpiles of aluminum in China; have planned increases in production capacity for aluminum extrusions; continue to benefit from the presence of conditions of section 20 of SIMA; are faced with market prices of aluminum in China trending downward with respect to the world prices, allowing extruders to obtain raw metal at a lower cost; are subject to other current (both preliminary and final) anti-dumping measures concerning identical products in other jurisdictions; and are faced with the presence of exporters from the “Present Low Price Sources” in the Canadian market exporting like goods at very competitive prices.

[10] Analysis of information on the record also indicates that exporters in China: have a continued availability of subsidy programs for aluminum extrusions exporters in China; have continued to export subsidized goods to Canada during the POR; benefit from the GOC’s continued provision of subsidies to manufacturers within the aluminum sector; and are faced with the countervailing measures against Chinese aluminum extrusions and downstream products in both Canada and other countries.

[11] For the foregoing reasons, the President, having considered the relevant information on the record, determined on October 3, 2013, under paragraph 76.03(7)(a) of SIMA that the expiry of the findings by the Tribunal in respect of certain aluminum extrusions originating in or exported from China is likely to result in:

- i. the continuation or resumption of dumping of the goods into Canada; and
- ii. the continuation or resumption of subsidizing of the goods exported to Canada.

BACKGROUND

[12] On August 18, 2008, pursuant to subsection 31(1) of SIMA, the President initiated investigations respecting the dumping and subsidizing of certain aluminum extrusions from China following a properly documented complaint received from Almag Aluminum Inc., Apel Extrusions Limited, Can Art Aluminum Extrusion Inc., METRA Aluminium Inc., Signature Aluminum Canada Inc., Spectra Aluminum Products Ltd. and Spectra Anodizing Inc. As part of the dumping investigation, the CBSA initiated a section 20 inquiry to examine the degree of GOC involvement in the aluminum extrusions sector and the related impact on pricing.

[13] On February 16, 2009, the President made final determinations of dumping and subsidizing in accordance with paragraph 41(1)(a) of SIMA in respect of certain aluminum extrusions originating in or exported from China.

[14] On March 17, 2009, the Tribunal found that the dumping and subsidizing of the goods originating in or exported from China had caused injury to the Canadian domestic industry for aluminum extrusions.²

[15] On February 10, 2011, the Tribunal determined that MAAX Bath Inc. was entitled to the product exclusions that it had requested, at the time of the original inquiry, for certain aluminum extrusions used in the assembly of shower enclosures.

[16] On September 19, 2011, the CBSA initiated a re-investigation of certain aluminum extrusions to update the normal values, export prices, and amounts of subsidy. The CBSA received cooperation from four exporters, and issued them company specific normal values and amounts of subsidy at the conclusion of the re-investigation on February 20, 2012. The GOC did not cooperate during the re-investigation.

[17] On April 30, 2013, pursuant to subsection 76.03(2) of SIMA, the Tribunal issued a notice concerning the upcoming expiry of its findings.³ The findings were scheduled to expire on March 16, 2014. Based on the available information and the information submitted by the interested parties, the Tribunal was of the opinion that an expiry review of the findings was warranted.

PRODUCT DESCRIPTION

Definition

[18] The goods subject to the findings under review are defined as:

“Aluminum extrusions produced via an extrusion process of alloys having metallic elements falling within the alloy designations published by The Aluminum Association commencing with 1, 2, 3, 5, 6 or 7 (or proprietary or other certifying body equivalents), with the finish being as extruded (mill), mechanical, anodized or painted or otherwise coated, whether or not worked, having a wall thickness greater than 0.5 mm, with a maximum weight per metre of 22 kg and a profile or cross-section which fits within a circle having a diameter of 254 mm, originating in or exported from the People’s Republic of China.”

² Exhibit 8 (NC) – Statement of Reasons – Aluminum Extrusions, Inquiry No. NQ-2008-003.

³ Exhibit 1 (NC) – CITT Notice of Expiry LE-2013-001.

[19] The following goods were excluded from the Tribunal's findings of March 17, 2009, and therefore, are not subject goods:

- aluminum extrusions produced from either a 6063 or a 6005 alloy type with a T6 temper designation, in various lengths, with a powder coat finish on both the interior and the exterior surfaces of the extrusion, which finish is certified to meet the American Architectural Manufacturers Association AAMA 2603 standard, “Voluntary Specification, Performance Requirements and Test Procedures for Pigmented Organic Coatings on Aluminum Extrusions and Panels”, for use in exterior railing systems;
- aluminum extrusions produced from a 6063 alloy type with a T5 temper designation, having a length of 3.66 m, with a powder coat finish, which finish is certified to meet the American Architectural Manufacturers Association AAMA 2603 standard, “Voluntary Specification, Performance Requirements and Test Procedures for Pigmented Organic Coatings on Aluminum Extrusions and Panels”, for use as head rails and bottom rails in fabric window shades and blinds where the fabric has a cross-sectional honeycomb or “cellular” construction.;
- aluminum extrusions produced from a 6063 alloy type with a T5 temper designation and forming part of the Vario System™ 20, 30, 40, 45 and 60 series line of profiles, or equivalent, having a length of either 4.5 or 5.8 m and a straightness tolerance of +/- .5 mm or less per 6.0 m of length, for use in those parts of mechanical systems and automated machinery, such as gantry systems and conveyors, where precise linear movement is required;
- aluminum extrusions produced from either a 6063 or a 6463 alloy type, having a length of 3 m, with a hand-applied gold and silver leaf finish, for use as picture frame mouldings;
- aluminum extrusions produced from a 6063 alloy type with either a T5 or a T6 temper designation, having a length of between 20 and 33 ft. (between 6.10 and 10.06 m), with a powder coat finish, which finish is certified to meet the American Architectural Manufacturers Association AAMA 2603 standard “Voluntary Specification, Performance Requirements and Test Procedures for Pigmented Organic Coatings on Aluminum Extrusions and Panels”, for use in window frames;
- heat sinks imported under tariff item No. 8473.30.90 and weighing 700 g or less; and
- aluminum extrusions produced by China Square Industrial Ltd. from either a 6063 or a 6463 alloy type with a T5 temper designation, with a profile or cross-section which fits within a circle having a diameter of 100 mm, for use by MAAX Bath Inc. in the assembly of its shower enclosures, specifically identified in the table found at www.citt-tcce.gc.ca/dumping/expiries/notices/lein01_e.asp.

Classes of Goods

[20] In its findings, the Tribunal had separated the subject goods into two classes of goods: standard-shaped and custom-shaped aluminum extrusions. In this *Statement of Reasons*, the term “aluminum extrusions” refers to both classes of goods as a whole.

[21] The information provided in the ERQ responses did not differentiate between the two classes of goods. In addition, the information gathered by the CBSA in its research did not reveal any differentiation within the industry regarding the two classes of goods, with news articles and analyses consistently referring to aluminum extrusions as a whole.

[22] Therefore the analysis respecting the likelihood of continued or resumed dumping and subsidizing applies to both classes of goods as defined by the Tribunal.

Production Process

[23] While details may vary from producer to producer, the process by which extrusions are produced is essentially the same for all.

[24] The intended use of the product in which the aluminum extrusion will be applied determines the specifications for the extrusion. Machinability, finish and environment of use will determine the alloy to be extruded. The function of the profile will determine its design and that of the die that shapes it.

[25] The extrusion process begins with an aluminum billet. The billet must be softened by heat prior to extrusion. The heated billet is placed into the extrusion press, a powerful hydraulic device wherein a ram pushes a dummy block that forces the softened metal through a precision opening known as a die, to produce the desired shape. This simplified description of the process is known as direct extrusion, which is the most common method in use today. Indirect extrusion is a similar process. In the direct extrusion process, the die is stationary and the ram forces the alloy through the opening in the die. In the indirect process, the die is contained within the hollow ram, which moves into the stationary billet from one end, forcing the metal to flow into the ram, acquiring the shape of the die as it does so.

[26] The aluminum billet may be a solid or hollow form, commonly cylindrical, and is the length charged into the extrusion press container. It is usually a cast product but may be a wrought product or powder compact. Often it is cut from a longer length of alloyed aluminum known as a log.

[27] The billet and extrusion tools are preheated (softened) in a heating furnace. The melting point of aluminum varies with the purity of the metal but is approximately 1,220° Fahrenheit (660° Centigrade). Extrusion operations typically take place with billet heated to temperatures in excess of 700° F (375° C), and depending upon the alloy being extruded, as high as 930° F (500°C).

[28] The actual extrusion process begins when the ram starts applying pressure to the billet within the container. Various hydraulic press designs are capable of exerting anywhere from 100 tons to 15,000 tons of pressure. This pressure capacity of a press determines how large an extrusion it can produce. The extrusion size is measured by its largest cross-sectional dimension, sometimes referred to as its fit within a circumscribing circle diameter.

[29] As pressure is first applied, the billet is crushed against the die, becoming shorter and wider until its expansion is restricted by full contact with the container walls. Then, as the pressure increases, the soft (but still solid) metal has no place else to go and begins to squeeze through the shaped orifice of the die to emerge on the other side as a fully formed extrusion or profile.

[30] About 10 percent of the billet, including its outer skin, is left behind in the container. The completed extrusion is cut off at the die and the remainder of the metal is removed to be recycled. After it leaves the die, the still-hot extrusion may be quenched, mechanically treated and aged.

CLASSIFICATION OF IMPORTS

[31] Imports into Canada of the subject goods described above are normally, but not exclusively, classified under the following Harmonized System classification numbers:

As of October 1, 2012:		
7604.10.00.10	7604.29.00.29	7610.90.10.00
7604.10.00.20	7604.29.00.30	7610.90.90.10
7604.10.00.30	7608.10.00.10	7610.90.90.20
7604.21.00.10	7608.10.00.90	7610.90.90.30
7604.21.00.90	7608.20.00.00	7610.90.90.90
7604.29.00.11	7610.10.00.10	
7604.29.00.19	7610.10.00.20	
7604.29.00.21	7610.10.00.30	
January 1, 2012 to September 30, 2012:		
7604.10.00.10	7604.29.00.29	7610.90.10.10
7604.10.00.20	7604.29.00.30	7610.90.10.20
7604.10.00.30	7608.10.00.10	7610.90.10.30
7604.21.00.10	7608.10.00.90	7610.90.10.90
7604.21.00.90	7608.20.00.00	7610.90.90.10
7604.29.00.11	7610.10.00.10	7610.90.90.20
7604.29.00.19	7610.10.00.20	7610.90.90.30
7604.29.00.21	7610.10.00.30	7610.90.90.90

Prior to January 1, 2012		
7604.10.11.10	7604.21.00.10	7604.29.20.29
7604.10.11.90	7604.21.00.20	7604.29.20.30
7604.10.12.11	7604.29.11.10	7608.10.00.10
7604.10.12.19	7604.29.11.90	7608.10.00.90
7604.10.12.21	7604.29.12.11	7608.20.00.10
7604.10.12.22	7604.29.12.19	7608.20.00.90
7604.10.12.23	7604.29.12.21	7610.10.00.10
7604.10.12.24	7604.29.12.22	7610.10.00.20
7604.10.12.29	7604.29.12.23	7610.10.00.30
7604.10.20.11	7604.29.12.24	7610.90.00.10
7604.10.20.19	7604.29.12.29	7610.90.00.20
7604.10.20.21	7604.29.20.11	7610.90.00.30
7604.10.20.29	7604.29.20.19	7610.90.00.40
7604.10.20.30	7604.29.20.21	7610.90.00.90

PERIOD OF REVIEW

[32] The period of review (POR) for the CBSA's expiry review investigation is from January 1, 2010 to March 31, 2013.

CANADIAN INDUSTRY

[33] The Canadian Industry is comprised of the following:

- Almag Aluminum Inc.;
- APEL Extrusion Limited;
- Apex Aluminum Extrusions Ltd.;
- Can Art Aluminum Extrusion Inc.;
- Dajcor Aluminum Limited;
- Extrudex Aluminum;
- Extrudex Aluminium Quebec S.E.C.;
- METRA Aluminium Inc.;
- Sapa Canada Inc.; and
- Spectra Aluminum Products Ltd./Spectra Anodizing Inc.

Almag Aluminum Inc.

[34] Almag was founded in 1953 as Almag Aluminum & Magnesium Ltd., manufacturing ornamental door grilles in Etobicoke, Ontario. In 1959, an extrusion press was purchased and the company began producing aluminum extrusions. In 1993, the son of the company's founder purchased the assets of Almag Aluminum Ltd. and continued operating the business as Almag Aluminum Inc. In 2005, the ownership was re-structured such that Almag Aluminum Inc. is now owned by Jedmar Holdings Ltd., a holding company controlled by the founder's son, who remains President of Almag.

[35] Almag now operates one extrusion and fabrication facility in Brampton, Ontario and through an associated company, Almag Aluminum Corp., a warehouse and fabrication facility in Alabama, United States.

[36] Almag has, for approximately ten years, imported aluminum extrusions from the United States. These have been products requested by Almag's customers that, due to their large size and/or the specific alloy, Almag was unable to produce.

[37] Almag has not imported any aluminum extrusions from China since the imposition of duties in 2009.

APEL Extrusion Limited

[38] APEL began operations with a 4-inch extrusion press in Winnipeg, Manitoba in 1972. The company was established as a joint venture with Alcan Aluminum Ltd. (Alcan) to manufacture and market aluminum extrusions in the prairie provinces and act as Alcan's sales agent for larger extrusions.

[39] A second extrusion operation was opened in Calgary, Alberta to service the growing Western Canadian market. Upgrades to the 6-inch press in Calgary and the installation of a new paint line allowed for the consolidation of operations into the Calgary facility, resulting in the closure of the Winnipeg operation in 1990.

[40] Alcan largely exited its extrusion business in North America in the late 1970's, selling its interest in APEL to the current private ownership group. Continuous upgrades to its equipment, expansion of its premises and the installation of a new 7-inch press in 2001 has allowed APEL to grow its operations and become a supplier of preference in western Canada.

[41] APEL purchased the assets of Postle Aluminum US North West (Postle) in 2010, when Postle closed its Oregon operations. APEL acquired a 3-year-old press and a manufacturing facility in Springfield, Oregon. With this addition, APEL began to market its extrusions and expand its business throughout the North American West Coast.

Apex Aluminum Extrusions Ltd.

[42] Apex was incorporated in January of 2010 for the sole purpose of producing and selling aluminum extrusions. Apex started production of mill finish extrusions in February of 2011. Apex produces aluminum extrusions at their only facility in Langley, British Columbia.

Can Art Aluminum Extrusion Inc.

[43] Can Art was incorporated April 28, 1989. Can Art initially operated one press line at a location in Mississauga, Ontario before relocating to Brampton, Ontario in 1996 to a larger facility where a second press line was added. In 2001, a new facility in Lakeshore, Ontario was established housing two new press lines. In 2008, the Lakeshore plant was expanded and a third press line added. In 2012 a new anodizing facility was completed in Mississauga, Ontario. All five press lines can produce the full range of aluminum extrusions. All three plants are part of a single corporate entity.

Dajcor Aluminum Limited

[44] Dajcor was established in May 2010 after purchasing the assets of Daymond Aluminum Limited, which was under bankruptcy proceedings. The company has one 7-inch press and one 5-inch press, and a 190,000 square foot facility in Chatham, Ontario with extrusion, fabrication, buffing and anodizing facilities.

[45] The first aluminum extrusions were produced by Dajcor on June 1, 2010. Since that time, Dajcor has become a leading Canadian supplier of extruded, fabricated/machined and anodized aluminum components and assemblies to various markets: automotive, renewable energy, medical equipment, transportation, building trades, military, recreation, and consumer-product industries. Dajcor has full in-house fabrication capabilities, avoiding costly delays and additional handling costs required by subcontracted fabrication services.

Extrudex Aluminum

[46] Extrudex is a privately owned company and was incorporated in 1981. Extrusions were first produced by the company in 1982. On December 21, 1988 Extrudex Aluminum became a limited partnership. Extrudex has its head office and main plant with five extrusion presses in Woodbridge, Ontario. Extrudex expanded in 1994 with a separately incorporated plant in Quebec that has two extrusion presses and a paint line.

[47] In 1999 Extrudex built a plant in Ohio, United States. This plant has three extrusion presses. All three plants supply aluminum extrusions to manufacture products for various markets. The largest markets supplied include building and construction, distribution, transportation, electrical and consumer durables.

Extrudex Aluminium Quebec S.E.C.

[48] Extrudex Quebec, a separately-incorporated subsidiary of Extrudex, is a producer of aluminum extrusions located in St-Nicolas, Quebec. The company was established in 1994. Its building was expanded in 2004 and two new press lines were added in 2004 and in 2005. The plant has one vertical paint line and two press lines, with a 7-inch press and an 8-inch press, respectively.

METRA Aluminium Inc.

[49] METRA is a privately owned company located in Laval, Quebec. The company was incorporated on July 22, 1994 and started its operation in August 1994 following the acquisition of the current plant from Alcan, which originally started production of aluminium extrusions at this location in 1965.

[50] METRA imports a very small amount of aluminum extrusions from METRA S.p.A. in Italy when it cannot meet customers' requirements from its plant in Laval, if the price is acceptable to the customer.

[51] METRA has two presses at its Laval location, one 7-inch press and one 8-inch press. This location also has a vertical liquid paint line.

Sapa Canada Inc.

[52] Sapa was incorporated on July 7, 2009 and holds all Canadian assets that it acquired from Indalex Limited, a Canadian producer at the time of the original investigations, and from certain of its affiliates. Based in Mississauga, Ontario, it produces aluminum extrusions with a broad range of finish and fabrication options to meet the needs of its customers.

Spectra Aluminum Products Ltd./Spectra Anodizing Inc.

[53] Spectra Aluminum Products Ltd. ("SAP"), Spectra Anodizing Inc. ("SAL") and HiTech Anodizing Inc. ("HIT") are the three private, family-owned and -operated corporate entities making up Spectra.

[54] SAP began its extrusion operations in February 1997 and is located in Bradford, Ontario. It operates two presses: a 7-inch press and an 8-inch press. It has an electrostatic paint line and fabrication capabilities including precision cutting, punching, notching, drilling and bending. SAL was established in May 1978 in Woodbridge, Ontario and operates Spectra's aluminum extrusion anodizing and dyeing facilities. HIT was acquired in May 2011 to provide additional aluminum extrusion anodizing capability and is located in Brampton, Ontario.

CANADIAN MARKET

[55] The imports of aluminum extrusions over the POR are indicated in **Table 1** (volume) and **Table 2** (value). Information pertaining to Canadian sales of aluminum extrusions was designated as confidential in nature by the Canadian Producers, and is therefore not being reported in the following tables:

Imports of Aluminum Extrusions (kilograms)⁴

Table 1:

Source	2010	2011	2012	2013 (January 1 to March 31)
China	14,566,786	13,268,252	12,094,246	4,534,529
All Other Countries	87,422,869	98,058,080	109,778,090	26,904,875
Total Imports	101,989,655	111,326,332	121,872,336	31,439,404

*Importers' reporting of volume for Canadian customs purposes included some reports in kilograms and other in units. Therefore, due to the enforcement volume data also being a mix of kilograms and units, the CBSA was unable to accurately establish the total volume of the Canadian market for aluminum extrusions.

Imports of Aluminum Extrusions (Value in CAN\$)⁵

Table 2:

Source	2010	2011	2012	2013 (January 1 to March 31)
China	84,165,178	75,373,776	81,626,069	31,117,541
All Other Countries	470,166,900	539,751,127	575,152,724	140,110,822
Total Imports	554,332,078	615,124,903	656,778,793	171,228,363

⁴ Exhibit 89 (NC) – Final Import Statistics and Enforcement Data.

⁵ Ibid.

Canadian Industry

[56] Between 2010 and 2012, the domestic producers' share of the aluminum extrusions market, in terms of value, was relatively flat, between 2010 and 2012, with a further slight decline in the first quarter of 2013. Although the data regarding sales volume is not necessarily reliable, as discussed above, it further corroborates this trend, with the Canadian industry's share of the Canadian market declining from 2010 to 2012 and then dropping further in the first quarter of 2013.

Imports

[57] The percentage of imports from China compared to all other imports, in terms of value, decreased from 2010 to 2012, and then increased in the first quarter of 2013. A similar trend is seen when imports from China are compared to the total Canadian market, whereby their total Canadian market share dropped from 2010 to 2012, and then increased again in the first quarter of 2013. The statistics regarding volume, although less than reliable, further support this trend, with volumes from China decreasing in both absolute and in relative terms from 2010 to 2012 before increasing in the first quarter of 2013.

ENFORCEMENT

[58] In the enforcement of the Tribunal's findings in respect of aluminum extrusions from China during the POR, the amount of anti-dumping and countervailing duty collected on subject imports was over CAN\$41.8 million⁶

SIMA Duties Collected on Aluminum Extrusions (Value in CAN\$)

Table 3:

Country	2010	2011	2012	2013 (Q1)
China	28,303,293	9,515,223	3,362,971	670,358

[59] It should be noted that at the time that the record closed and the import statistics were finalized the CBSA was still finalizing its review of importations of aluminum extrusions during 2012 and had not yet begun its review of importations during 2013. The relatively low amount of SIMA duties collected during these two periods may be more reflective of a low level of self-assessment of duty by importers rather than a lack of dumped and subsidized imports. Further, the large number of appeals to the Tribunal during the POR regarding subjectivity of goods impacted the timeliness of enforcement as decisions taken by the Tribunal impacted enforcement activities. Regardless, few conclusions can be drawn from the decline in SIMA duties collected in 2012 and in the first quarter of 2013.

⁶ Ibid.

PARTIES TO THE PROCEEDINGS

[60] On June 5, 2013, the Tribunal's notice of the expiry review and ERQs were sent to the known Canadian producers, exporters, importers, the GOC and other interested parties.

[61] The ERQ requested information relevant to the consideration of the expiry review factors by the President, as listed in subsection 37.2(1) of the *Special Import Measures Regulations* (SIMR). Any persons or governments having an interest in this investigation were also invited to provide a submission regarding the likelihood of continued or resumed dumping and/or subsidizing of these goods, should the findings be rescinded.

[62] Ten Canadian producers, Almag, Apel, Apex, Can Art, Dajcor, Extrudex, Extrudex Quebec, Metra, Sapa and Spectra provided ERQ responses, in addition to a collective case brief (but no reply submission), emphasizing that the dumping and subsidization is likely to continue or resume should the Tribunal's findings be rescinded.

[63] Nine importers, Bath Fitter/Grate Ideas; Haynes, Jones & Cadbury Corporation; Heliene Inc.; Imperial Manufacturing Group; MAAAX Bath Inc.; Russel Metals Inc.; Samuel, Son & Co., Limited; Sinobec Trading Inc./Sinometal Resources Inc.; and 0944460 BC Ltd. provided ERQ responses. Collectively, these importers accounted for 23.8% of all imports of subject aluminum extrusions into Canada during the POR.⁷

[64] No importers expressed an opinion regarding whether continued or resumed dumping and subsidizing of certain aluminum extrusions from China is likely if the Tribunal's findings are rescinded. No importers provided case briefs or reply submissions.

[65] Only one exporter, PanAsia Aluminium (China) Limited ("PanAsia") submitted a response, which also included information from its affiliate, Opal (Macao Commercial Offshore) Limited. PanAsia indicated it had manufactured and exported subject goods to Canada during the POR. It was also one of four exporters that cooperated in the CBSA's 2011 re-investigation, and obtained company-specific normal values and a specific amount of subsidy.

[66] PanAsia did not express an opinion regarding whether continued or resumed dumping and subsidizing of certain aluminum extrusions from China is likely if the Tribunal's findings are rescinded. PanAsia did not provide a case brief or a reply submission.

[67] The GOC did not respond to the ERQ, nor did it provide a case brief or a reply submission.

⁷ Exhibits 19 (PRO), 21 (PRO), 22 (PRO), 23 (PRO), 24 (PRO), 46 (PRO), 49 (NC), 50 (PRO) – ERQ Responses from Importers, Exhibit 89 (NC) – Final Import Statistics and Enforcement Data.

INFORMATION CONSIDERED BY THE PRESIDENT

Administrative Record

[68] The information considered by the President for purposes of this expiry review investigation is contained in the administrative record. The administrative record includes the information on the CBSA's Exhibit Listing, which is comprised of the Tribunal's administrative record at initiation of the expiry review, CBSA exhibits and information submitted by interested persons, including information which parties feel is relevant to the decision as to whether dumping and/or subsidizing is likely to continue or resume if the findings are rescinded. This information may consist of expert analyst reports, excerpts from trade magazines and newspapers, orders and findings issued by authorities of Canada or of a country other than Canada, documents from international trade organizations such as the World Trade Organization and responses to the ERQs submitted by Canadian producers, importers and exporters.

[69] For purposes of an expiry review investigation, the CBSA sets a date after which no new information submitted by interested parties will be placed on the administrative record or considered as part of the CBSA's investigation. This is referred to as the "closing of the record date." For this investigation, the closing of the record date was July 25, 2013. This deadline allows participants time to prepare their case briefs and reply submissions based on the information that is on the administrative record.

Procedural Issues

[70] The President will normally not consider any new information submitted by participants subsequent to the closing of the record date. However, in certain exceptional circumstances, it may be necessary to permit new information to be submitted. The President will consider the following factors in deciding whether to accept new information submitted after the closing of the record date:

- (a) the availability of the information prior to the closing of the record date;
- (b) the emergence of new or unforeseen issues;
- (c) the relevance and materiality of the information;
- (d) the opportunity for other participants to respond to the new information; and
- (e) whether the new information can reasonably be taken into consideration by the President in making the determination.

[71] Participants wishing to file new information after the closing of the record date, either separately or in case briefs or reply submissions, must identify this information so that the President can decide whether it will be included in the record for purposes of the determination.

[72] With respect to this expiry review investigation, there were no new documents submitted by the participants after the July 25, 2013 closing of the record date.

[73] There were no procedural issues.

POSITION OF THE PARTIES - DUMPING

Parties Contending that Continued or Resumed Dumping is Likely

Canadian Producers

[74] The Canadian producers made representations through their ERQ responses as well as in their collective case brief in support of their position that the continuation or resumption of dumping from China is likely should the findings be rescinded. Accordingly, the Canadian producers contend that the measures should remain in place.

[75] The Canadian producers focussed largely on the present, planned and added capacity for aluminum extrusions in China and the inability of the Chinese domestic market to absorb current and increasing production levels, necessitating exports to available markets. The Canadian producers believe that these factors, and others described below, together will inevitably lead to dumping when left unrestrained by regulatory measures such as those found in SIMA.

Position of the Canadian producers regarding China

[76] The Canadian producers collectively identified certain conditions related largely to the Chinese production of and capacity for aluminum extrusions in arguing that the absence of the Tribunal's findings will lead to continued and/or resumed dumping of aluminum extrusions from China. The main factors identified by the Canadian producers can be summarized as follows:

- the evidence of dumping during the POR;
- the continued and expected presence of Chinese exporters in the Canadian market;
- the downward pressure on prices stemming from what are described by the Canadian producers as the "Present Low Price Sources" (specifically India, Indonesia, the Republic of Korea, Malaysia, Thailand, and Vietnam), with whom the Chinese exporters would have to compete for Canadian orders;
- the commodity nature of the subject goods, making goods price sensitive where importers are quick to switch sources;
- the injury already sustained by the Canadian producers, as well as the loss of sales the Chinese exporters have experienced in the Canadian market due to the "Present Low Price Sources", and the potential for increased pricing pressure if the findings were allowed to expire;
- the current Chinese economy and the market for aluminum extrusions;
- excess capacity for aluminum extrusions production in China is large and projected to grow;
- the insufficient demand in China to absorb Chinese aluminum extrusion production, prompting export dependence;

- the anti-dumping measures against aluminum extrusions products from China in both Canada and in other jurisdictions, demonstrating the propensity to dump these goods; and
- the diversion effect that anti-dumping measures on aluminum extrusions in Australia and the United States has had and would have, if the findings in Canada were rescinded.

[77] With reference to the CBSA record, the Canadian producers noted that SIMA duty had been collected during the POR which indicates that there has been dumping of subject goods while the findings have been in effect.⁸

[78] The Canadian producers also noted the continued presence and interest in the Canadian marketplace of Chinese exporters of aluminum extrusions. Pointing to their market intelligence and CBSA statistics, they demonstrated that, despite the imposition of anti-dumping and countervailing duties in 2009, Chinese exporters have still maintained a significant portion of the Canadian market, although the percentage market share has dropped significantly.⁹

[79] They further argue that the drop in market share of Chinese exporters, and that the Tribunal's dismissal and denial of several appeals and interim reviews, indicates the Chinese exporters inability to compete in the Canadian market at un-dumped prices.¹⁰

[80] The Canadian producers also pointed to the significant increase in volume of aluminum extrusions being imported into Canada from the "Present Low Price Sources". The prices at which the "Present Low Price Sources" sell to the Canadian market are considerably below Chinese origin goods.

[81] The Canadian producers state that "Since it is commonly accepted in the industry that lower price offerings on even small quantities of extrusions will affect market pricing, downward price pressures will result from the significant differentials in pricing with domestic industry pricing."¹¹ This is due to the commodity nature of the subject goods, making them very price sensitive, since goods produced in any country are interchangeable. Hence, if the findings were rescinded, Chinese exporters would have to compete with the "Present Low Price Sources", which would cause them to resume dumping into Canada. This would "exacerbate the injury already suffered by the Domestic Extruders from competition with the "Present Low Price Sources""¹².

[82] Further to this point, the Canadian producers argue that these "Present Low Price Sources" have already caused them injury, in the form of lost sales or discounted sales due to the extremely low prices they are forced to compete with. They provided many examples of clients who have openly admitted to the fact that the significantly lower prices have caused them to source aluminum extrusions from some of the "Present Low Price Sources" rather than purchasing them from the Canadian producers.

⁸ Exhibit 94 (NC) – Case Brief Canadian producers, paragraphs 55-59.

⁹ Ibid. paragraphs 60-65.

¹⁰ Ibid. paragraphs 66-67.

¹¹ Ibid. paragraph 75.

¹² Ibid. paragraph 78.

[83] The Canadian producers' perception of the current state of the Canadian market for aluminum extrusions is the same as it was at the beginning of the POR in 2010. The prices have remained flat, and conversion costs have not changed over the last four years.

[84] Their perception of the Chinese market is that their economy is cooling more rapidly than expected, as evidenced in an article in *Bloomberg Businessweek* titled "China's Slowing Economy: What you need to know".¹³ The article points to China's actual GDP growth of 7.7% in the first quarter of 2013 being lower than the 8% originally predicted, and lower than the growth of 7.8% for all of 2012, which was itself China's lowest annual growth rate in 13 years.¹⁴

[85] The Canadian producers are concerned about China's excess capacity, capacity expansion, and oversupply of aluminum extrusions and how it will affect exports to Canada, should the findings be rescinded, especially since the United States also has anti-dumping measures in place against aluminum extrusions from China. Evidence on the record points to Chinese extruders adding capacity, despite the competition they face in the domestic market in China.¹⁵

[86] The Canadian producers provided information concerning the excess capacity, in some cases exceeding 40% overcapacity, which the Chinese extruders are currently experiencing.¹⁶ They fear that China could potentially tap into that excess capacity just to produce aluminum extrusions for export markets. Based on the information in one publication concerning the 50 largest extruders in China¹⁷, the top six extruders alone have excess capacity large enough to service the entire Canadian market.

[87] The Canadian producers also noted the presence of the anti-dumping and countervailing measures against similar goods in other jurisdictions. The United States found that aluminum extrusions from China were being sold at dumped prices as well as being subsidized, and that these have caused injury to the domestic producers. "Significant volumes of extrusions from China in both Tribunal classes of goods not able to be sold there without anti-dumping and anti-subsidy scrutiny (...) as a result of the U.S. findings will, in the Domestic Extruders' view, be diverted into the adjacent market in Canada if the Findings at issue are rescinded or permitted to expire while the U.S. findings remain in place."¹⁸

[88] The Canadian producers also noted that anti-dumping and countervailing measures were imposed by Australia shortly after Canada, and others, like Brazil and Colombia, are contemplating trade remedy measures against Chinese aluminum extrusions.¹⁹ One of the supporting documents presented by the Canadian producers indicates that Colombia initiated an anti-dumping investigation earlier this year against Chinese and Venezuelan aluminum extrusions.²⁰

¹³ Exhibit 15 (NC) – CITT Administrative Record, attachment 4.

¹⁴ Exhibit 94 (NC) – Case Brief Canadian producers, paragraph 105.

¹⁵ Exhibit 91 (PRO) - Information and documents aiding to the expiry review, pages 20-21. Exhibit 94 (NC) – Case Brief Canadian producers, paragraphs 107-111.

¹⁶ Ibid. paragraph 111.

¹⁷ Ibid. paragraph 112.

¹⁸ Ibid. paragraph 116.

¹⁹ Ibid. paragraphs 118-119.

²⁰ Exhibit 92 (NC) – Information and documents aiding to the expiry review, page 7.

[89] The Canadian producers pointed out the fact that only one Chinese exporter and nine importers of aluminum extrusions submitted a response to the ERQ, and that there is clearly not sufficient evidence on the record to support that dumping is not likely to resume.²¹ They submit that based on the evidence on the record, there is a likelihood of continued or resumed dumping if the findings are rescinded.

Parties contending that continued or resumed dumping is unlikely

[90] No case briefs or reply submissions were submitted contending that the dumping of aluminum extrusions is not likely to continue or resume if the findings are rescinded.

CONSIDERATION AND ANALYSIS - DUMPING

[91] In making a determination under paragraph 76.03(7)(a) of SIMA whether the expiry of the findings is likely to result in the continuation or resumption of dumping of the goods, the President may consider factors identified in subsection 37.2(1) of the SIMR, as well as any other factors relevant in the circumstances

[92] Before presenting a China-specific analysis concerning the likelihood of continued or resumed dumping in the absence of the Tribunal's findings, there are certain issues that must be noted relating to the global aluminum extrusion industry, which are as follows:

Capital-intensive nature of aluminum extrusion production

[93] A characteristic of aluminum extrusions is the capital-intensive nature of their production. As such, aluminum extruders have high fixed costs and in order to recover fixed expenses, they will aim to maintain high capacity utilization rates. When the demand in the home market is insufficient to absorb production, the producers will look to export markets to help maintain these capacity utilization rates.

[94] This characteristic is particularly important when there are conditions of overcapacity, as a producer may find it more feasible to sell excess production in foreign markets at depressed prices rather than reduce production, as long as the producer's variable costs are covered.

Aluminum market developments and trends

[95] Since the recent economic downturn beginning in 2008, the aluminum market has decreased significantly, and is best described as currently being in a recovery. Despite governments offering much needed economic stimulus to increase the number of project starts, the price of aluminum has crept downward, and it is becoming increasingly difficult to accurately predict the future demand for the metal. As the world economic recovery ensues, so will the demand for aluminum products.

²¹ Exhibit 94 (NC) – Case Brief Canadian producers, paragraphs 122-125.

[96] Further, aluminum is becoming a more increasingly desired metal for many uses, particularly in transportation. With its characteristics of being light weight combined with its durability and ability to weather the elements, it has been replacing many of the former steel parts in automobiles and other multi-passenger transport vehicles.²²

[97] Another fairly recent development for uses of aluminum extrusions in particular are photovoltaic modules (otherwise known as solar panels). As the technology evolves, and governments push for the development and use of renewable energy, so does the demand for these modules increase. A natural reason for using extruded aluminum in the construction of the module frames is its light weight and durability.²³

[98] As the demand for aluminum increases in coming years, prices should, in theory, increase over time. However, expanding global capacity and excess supply are of major concern, especially as current demand is still weak and recovering²⁴.

LIKELIHOOD OF CONTINUED OR RESUMED DUMPING

China

[99] Guided by the factors in the aforementioned subsection 37.2(1) of the SIMR and having considered the information on the administrative record, the ensuing list represents a summary of the CBSA's analysis conducted in this expiry review investigation with respect to dumping:

- the sustained interest in the Canadian market by Chinese exporters as evidenced by the volume of exports to Canada and the anti-dumping duties collected throughout the POR;
- the excess production capacity for aluminum in China;
- the volume of stockpiles of aluminum in China;
- the planned increase in production capacity for aluminum extrusions;
- the continued presence of conditions of section 20 of SIMA;
- the market prices of aluminum in China trending downward with respect to the world prices, allowing extruders to obtain the raw metal at a lower cost;
- the current anti-dumping measures concerning Chinese aluminum extrusions in Canada and in other jurisdictions and the likely diversion effect the anti-dumping measures in other countries would have if the Tribunal's findings were rescinded; and
- the downward pressure on prices likely to stem from "Present Low Price Sources" with whom the Chinese exporters would have to compete if the findings were rescinded.

²² Exhibit 75 (NC) – Article of interest "China Zhongwang Net Profit Surges by 108.4% to RMB 1.39 Billion in first Three Quarters of 2012", page 2.

²³ Ibid. Metal Bulletin – January 28, 2013, "Mixed Fortunes", page 29.

²⁴ Exhibit 53 (PRO) - Metal Bulletin Research - Aluminium Weekly Market Tracker, February 25, 2013, page 9.

[100] PanAsia, the only exporter to provide a response to the ERQ, also cooperated in the original investigation and obtained company-specific normal values and an amount for subsidy, and was one of four exporters to cooperate during the re-investigation and obtained updated normal values and an amount for subsidy. PanAsia made no comments concerning the current or future anticipated states of the aluminum extrusions markets, nor did it file a case brief or reply submission. Further, no importer expressed an opinion regarding whether continued or resumed dumping and subsidizing of certain aluminum extrusions from China is likely if the Tribunal's findings are rescinded, and no case briefs or reply submissions were received from any of the importers that imported subject goods during the POR. The GOC did not provide a response to the ERQ, nor did the GOC provide a case brief or reply submission.

[101] Due to the limited participation from Chinese producers, importers of subject goods and the lack of participation by the GOC, the CBSA relied on other information on the record in assessing the likelihood of continued or resumed dumping should the Tribunal findings be rescinded.

[102] Information on the record indicates that Chinese extruders still have a sustained interest in the Canadian market. This is evident by the relatively stable volume of importations of aluminum extrusions throughout the POR, as demonstrated in **Table 1** and **Table 2** above, as well as the total anti-dumping and countervailing duties that were collected during the POR, which can be seen in **Table 3** above.

[103] Concerning the future of the excess capacity of aluminum in China, information on the record from a trade publication noted: "Elimination of outdated primary aluminium capacity will be a priority in 2013. Last week, the Ministry of Industry and Information Technology (MIIT) of China published an 'Overview for Chinese Non-ferrous Industry in 2012 and outlook for 2013'. In the report, MIIT emphasized that the overcapacity in the domestic aluminium industry is a key issue the government will work on in 2013. According to the MIIT, the Chinese government will try to alleviate the excess capacity in the Chinese aluminium market by either increasing the entry requirements for the primary aluminium industry or accelerating the pace of the closure of outdated capacity."²⁵

[104] However, the same trade publication also noted that "Looking into 2013, we expect further curtailments of outdated aluminium capacity in China although the new lower-cost smelters coming on stream in western regions of China will more than offset a loss of capacity from closures of aged plants."²⁶

[105] Further to the excess capacity of aluminum in China, there is also evidence on the record of stockpiles of aluminum that have been increasing in China due to low domestic demand caused by the slower than anticipated economic recovery, the slower than anticipated global economic recovery, the anti-dumping duties imposed by various export market countries, low aluminum prices, as well as rising operating (energy) costs.²⁷

²⁵ Exhibit 53 (PRO) - Metal Bulletin Research, Aluminium Weekly Market Tracker, February 18, 2013, page 9.

²⁶ Exhibit 52 (PRO) - Metal Bulletin Research, Aluminium Weekly Market Tracker, January 7, 2013, page 9.

²⁷ Ibid.

[106] Information on the record suggests that Chinese aluminum producers are holding extremely high levels of inventory. According to one publication, the excess supply of aluminum in China was estimated to be 1.119 million metric tons in February 2013, up from 750,000 metric tons a year earlier, and expected to climb to 1.39 million tons in 2013.²⁸

[107] The excess capacity and the large volumes of stockpiled aluminum impacts the price of aluminum to extruders, as evidenced by the price of aluminum in China versus the global market, as discussed further in this section. Greater capacity and volumes of stockpiles of aluminum puts downward pressure on the cost to extruders, as well the price at which the extruders sell their goods.

[108] Information on the record also points to the increasing capacity of aluminum extruders in China.²⁹ Another trade publication supplied by the Canadian producers noted that capacity utilization rates for the top 50 Chinese extrusion plants range from 53% to 96%.³⁰ From this publication³¹, it can be seen that the current excess capacity from only the top six Chinese extruders alone could service the entire Canadian market.

[109] These planned expansions will apply additional pressure to export aluminum extrusions as the evidence on the record does not suggest that the Chinese domestic market for aluminum extrusions is projected to undergo any significant growth in the near future.

[110] Information on the record does point to two downstream products, requiring the use of aluminum extrusions, likely to grow in the near future. They are the automotive and the photovoltaic modules (solar panel) products. These two markets are expected to grow in the near future due to the global automotive sector recovering since the global economic downturn and the growing use of aluminum parts in auto-making to replace heavier steel parts, as well as the push by many countries to promote the use of alternative energy. Although these two markets may absorb some of the oversupply of aluminum in China, these products are mostly for export, not for domestic Chinese use.³²

[111] With regards to the substitutability of imported versus domestically produced goods, generally speaking, aluminum extrusions produced either by a Canadian manufacturer or by foreign manufacturers are physically interchangeable. While proprietary differences may exist with respect to various forms and finishes, a wide range of aluminum extrusions compete with one another regardless of where they are produced, and thus distributor and end-user supply sources are largely substitutable. Consequently, as expressed by the Tribunal in its Findings and Reasons, aluminum extrusions are extremely price-sensitive and the lowest price may be the determining factor amongst prospective suppliers.³³

²⁸ Exhibit 64 (NC) – Article of Interest, www.bloomberg.com, February 21, 2013, “China Aluminum Holdings Seen at Record, Boosting World Glut”, page 2.

²⁹ Exhibit 91 (PRO) - Information and documents aiding to the expiry review, pages 20-21.

³⁰ Exhibit 91 (PRO) - Information and documents aiding to the expiry review, pages 17-18.

³¹ Exhibit 91 (PRO) – Information and documents aiding to the expiry review, Attachment 2, pages 17-18.

³² Exhibit 75 (NC) – Article of interest “China Zhongwang Net Profit Surges by 108.4% to RMB 1.39 Billion in first Three Quarters of 2012”, page 2., and Metal Bulletin – January 28, 2013, “Mixed Fortunes”, page 29.

³³ Exhibit 8 (NC) – CITT Findings and Reasons, paragraph 155.

[112] Under SIMA, China is a ‘prescribed’³⁴ country and normal values may be determined under section 20 of SIMA, in situations where in the opinion of the President, domestic prices are substantially determined by the government of that country and there is sufficient reason to believe that they are not substantially the same as they would be if they were determined in a competitive market.

[113] In addition to the original investigation on aluminum extrusions, in 2011 the CBSA conducted a re-investigation, which included a section 20 inquiry, to update normal values, export prices and amounts of subsidy respecting aluminum extrusions from China.

[114] In the aluminum extrusions re-investigation, the President maintained the opinion under section 20 of the SIMA that domestic prices in the aluminum extrusions sector are substantially determined by the GOC and that there is sufficient reason to believe that they are not substantially the same as they would be if they were determined in a competitive market.³⁵

[115] One of the main factors in the President’s decision was the market price of aluminum in China versus the world market price. The world aluminum prices are for the most part based on the London Metals Exchange (LME) spot prices. In China, however, the Shanghai Futures Exchange (SHFE) is the source of setting market prices. During the re-investigation, the CBSA found a large discrepancy in aluminum prices between the LME and the SHFE, whereby the SHFE prices were found to be significantly lower, with strong indication of the GOC’s involvement in setting such low prices.³⁶

[116] Evidence on the record indicates that the prices of aluminum on the LME are currently on an upward trend, and the prices of aluminum on the SHFE are on a downward trend, allowing Chinese manufacturers of aluminum and aluminum products, including aluminum extrusions, to take advantage of artificially low prices, and allowing these manufacturers to export their products to other countries, including Canada, at lower prices than would otherwise be the case.³⁷

[117] This evidence is also echoed by Metal Bulletin Report (MBR) in their March 4, 2013 weekly update, as follows:

“Exports of aluminium products in January [2013] rose by 15.5% year-on-year to 230,000 tonnes. The main reason for the rise is that extruders in China have a cost advantage from lower Chinese metal prices. With record-high stocks of metal and spot prices that are currently at a two-and-a-half year low, China’s exports of aluminium products are expected to continue rising during the first half of this year.”³⁸

³⁴ Subsection 17.1(1) of SIMR: For the purposes of subsection 20(1) of the Act, the customs territory of the People’s Republic of China is a prescribed country.

³⁵ Exhibit 3 (NC) – Notice of Conclusion of Re-investigation - Certain Aluminum Extrusions – 2012.

³⁶ Exhibit 82 (PRO) – Exhibit 291 from 2011 Certain Aluminum Extrusions Re-investigation - Section 20 Report, pages 16-17

³⁷ Exhibit 77 (NC) - LME vs. SHFE for the POR.

³⁸ Exhibit 54 (PRO) - Metal Bulletin Research, Aluminium Weekly Market Tracker, March 4, 2013, page 22.

[118] During the aluminum extrusions re-investigation which was concluded on February 20, 2012, only four exporters provided sufficient information and obtained exporter-specific normal values and amounts for subsidy. The GOC did not submit any of the requested information during the re-investigation. Effective the date of conclusion, the normal values for all other exporters have been determined in accordance with a ministerial specification under SIMA based on the export price of the goods advanced by 101%.³⁹ Prior to the conclusion of the re-investigation, ten Chinese exporters had normal values, export prices and amounts for subsidy determined that were effective from March 17, 2009 (the date of the Tribunal's findings) to February 19, 2012.⁴⁰

[119] As noted, during the original aluminum extrusions investigation and subsequent re-investigation the President formed the opinion under section 20 that the domestic prices of aluminum extrusions from China are substantially determined by the GOC and that there is sufficient reason to believe that they are not substantially the same as they would be if they were determined in a competitive market.

[120] Given the continued availability of low-cost input material to Chinese aluminum extruders, it is likely that exporters would continue or resume dumping aluminum extrusions into Canada should the findings be rescinded.

[121] The information on the record documents several anti-dumping measures in other jurisdictions against Chinese-origin aluminum extrusions. These anti-dumping measures were documented as follows:

Country Imposing Action	Description of Goods	Year of Action
Australia ⁴¹	Aluminum Extrusions	2010
United States ⁴²	Aluminum Extrusions	2011
Colombia ⁴³	Aluminum Extrusions*	2013

*This case has not been concluded and the investigation is still in progress.

[122] These measures indicate that Chinese producers of aluminum extrusions have a propensity to dump these products into the world market.

³⁹ Exhibit 3 (NC) – Notice of Conclusion of Re-investigation - Certain Aluminum Extrusions - 2012.

⁴⁰ Exhibit 2 (NC) – Final Determination- Statement of Reasons - Certain Aluminum Extrusions, Appendix 1.

⁴¹ Exhibit 94 (NC) – Case Brief Canadian producers, paragraph 118.

⁴² Exhibit 15 (NC) – CITT Administrative Record, attachment 4, page 1.

⁴³ Exhibit 92 (NC) – information aiding in the expiry review, page 8.

[123] Given the relatively slow growth in the Chinese market for aluminum extrusions and the amount of available supply which was previously absorbed by these countries, there is a likelihood that Chinese exporters would look to Canada as an outlet for exported aluminum extrusions, should the findings currently in place be rescinded.⁴⁴

[124] The “Present Low Price Sources” identified by the Canadian producers have also been increasing market share in Canada, by competing at lower price levels. Evidence on the record corroborates the Canadian producers’ assertions, at least in part, that these countries are increasing their exports to Canada and are selling at comparatively low prices.⁴⁵ Meanwhile, Chinese exporters have lost a significant share of their Canadian market share since the findings in 2009, yet still retain a large share of the Canadian imports market for aluminum extrusions.

[125] Given the market share of aluminum extrusions in Canada that the “Present Low Price Sources” have gained, the significant market share still held by imports from China, and the oversupply and excess capacity of aluminum extrusions in China, there is a strong likelihood that Chinese exporters will attempt to regain their prior market share by competing at dumped prices if the current findings in place were rescinded.

President’s Determination – Dumping

[126] Based on information on the record in respect of: the sustained interest in the Canadian market as evidenced by the volume of subject goods exported to Canada during the POR; the excess production capacity for aluminum in China; the volume of stockpiles of aluminum in China; the planned increase in production capacity for aluminum extrusions; the continued presence of conditions of section 20 of SIMA; the market prices of aluminum in China trending downward with respect to the world prices, allowing extruders to obtain raw metal at a lower cost; the current anti-dumping measures concerning Chinese aluminum extrusions in other jurisdictions and the likely diversion effect these measures would have if the findings were rescinded; and the presence of exporters from the “Present Low Price Sources” in the Canadian market exporting like goods at very competitive prices; the President determined that the expiry of the findings is likely to result in the continuation or resumption of dumping into Canada of certain aluminum extrusions originating in or exported from China.

⁴⁴ Exhibit 61 (NC) – Article of Interest, www.economicstimes.indiatimes.com, May 20, 2013, “Aluminum prices may decline further on glut in market, China inflation”, page 2.

⁴⁵ Exhibit 89 (NC) – Final Import Statistics and Enforcement Data – Imports from both the Republic of Korea and from Malaysia have increased every year (and at prices per-unit that appear to be lower than those of Chinese-origin goods).

POSITION OF THE PARTIES - SUBSIDIZING

Parties Contending that Continued or Resumed Subsidizing is Likely

Canadian Producers

[127] The Canadian producers made limited representations specifically concerning subsidizing in China.

[128] The main factor identified by the Canadian producers can be summarized as follows:

- There are countervailing measures currently in place in Canada and in other jurisdictions concerning Chinese aluminum extrusions.

[129] The Canadian producers noted that aluminum extruders in China have been found to be exporting subsidized aluminum extrusions to the United States and Australia.⁴⁶ At the same time, exporters of aluminum extrusions in China have continued to export subsidized aluminum extrusions to Canada throughout the POR.

Parties contending that continued or resumed subsidizing is unlikely

[130] No case briefs or reply submissions were submitted contending that the subsidizing of aluminum extrusions is not likely to continue or resume if the findings are rescinded. No submissions were received from the GOC. No party expressed an opinion regarding the likelihood of continued or resumed subsidizing of certain aluminum extrusions from China.

CONSIDERATION AND ANALYSIS - SUBSIDIZING

[131] In making a determination under paragraph 76.03(7)(a) of SIMA whether the expiry of the findings in respect of goods from China is likely to result in the continuation or resumption of subsidizing of these goods, the President may consider factors identified in subsection 37.2(1) of the SIMR, as well as any other factors relevant in the circumstances.

⁴⁶ Exhibit 94 (NC) – Case Brief Canadian producers, paragraphs 115-119.

LIKELIHOOD OF CONTINUED OR RESUMED SUBSIDIZING

China

[132] Guided by the factors in the aforementioned subsection 37.2(1) of the SIMR and having considered the information on the administrative record, the ensuing list represents a summary of the CBSA's analysis conducted in this expiry review investigation with respect to subsidizing:

- continued availability of subsidy programs for exporters of aluminum extrusions in China;
- the fact that subsidized goods were imported during the POR;
- the GOC's continued provision of subsidies to manufacturers within the aluminum sector; and
- the countervailing measures against Chinese exporters of aluminum extrusions in other jurisdictions and on-going investigations into downstream products in Canada and the European Union.

[133] As noted, only one Chinese exporter of aluminum extrusions, PanAsia, provided a response to the ERQ, but did not file a case brief or reply submission. Further, no case briefs or reply submissions were received from any of the importers that imported subject goods during the POR. The GOC did not provide a response to the ERQ, nor did the GOC provide a case brief or reply submission.

[134] In light of the limited participation from Chinese producers, importers of subject goods and the lack of participation by the GOC, the CBSA relied on other information on the record in assessing the likelihood of continued or resumed subsidization should the Tribunal findings be rescinded.

[135] During the original subsidy investigation in 2008, 56 potential subsidy programs were investigated and 15 of these subsidy programs were determined by the President to have conferred benefits to the cooperative exporters.⁴⁷ PanAsia cooperated in the original investigation, and it was determined that it had benefited from an amount of subsidy of 3.51 Renminbi per kilogram.

⁴⁷ Exhibit S2 (NC) - Final Determination - Statement of Reasons – Certain Aluminum Extrusions, paragraph 256.

[136] A list of the programs that were used by cooperative exporters at the time of the final determination is as follows:

- *Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and in Economic and Technological Development Zones*
- *Research & Development (R&D) Assistance Grant*
- *Superstar Enterprise Grant*
- *Matching Funds for International Market Development for SMEs*
- *One-time Awards to Enterprises Whose Products Qualify for "Well-Known Trademarks of China" or "Famous Brands of China"*
- *Export Brand Development Fund*
- *Preferential Tax Policies for Foreign Invested Enterprises - Reduced Tax Rate for Productive FIEs Scheduled to Operate for a Period not less than 10 Years*
- *Preferential Tax Policies for Foreign-Invested Export Enterprises*
- *Local Income Tax Exemption and/or Reduction*
- *Exemption of Tariff and Import VAT for Imported Technologies and Equipment*
- *Patent Award of Guangdong Province*
- *Training Program for Rural Surplus Labor Force Transfer Employment*
- *Reduction in Land Use Fees*
- *Provincial Scientific Development Plan Fund*
- *Primary aluminum Provided by Government at Less than Fair Market Value*

[137] It was found that 100% of the goods exported from China were subsidized. The weighted average amount of subsidy, expressed as a percentage of the export price, was equal to 47%. The amounts of subsidy found for cooperative exporters ranged from 2.59 to 3.88 Renminbi per kilogram. The amount of subsidy for all other exporters was determined to be equal to 15.84 Renminbi per kilogram, as determined according to a Ministerial specification pursuant to subsection 30.4(2) of SIMA.⁴⁸

[138] Detailed descriptions of the programs and explanations as to why they were regarded as countervailable subsidies are contained in the CBSA's *Statement of Reasons* issued at the final determination.⁴⁹

[139] During the original investigation, the GOC did not provide information on subsidy programs that were not used by cooperative exporters. Consequently, although the programs were investigated, the CBSA had limited details to report on those programs at the final determination.

[140] On September 19, 2011, the CBSA initiated a re-investigation to update amounts of subsidy established at the final determination for aluminum extrusions.

⁴⁸ Ibid, Appendix 1.

⁴⁹ Ibid, Appendix 2.

[141] The Request for Information (RFI) sent to exporters at that time included programs identified at the original aluminum extrusions investigation, as well as those identified from any other investigation or new source that suggested the program may be applicable to the aluminum extrusions sector.

[142] On February 20, 2012, the CBSA concluded the re-investigation to update the amounts of subsidy calculated at the aforementioned final determination for the original subsidy investigation on aluminum extrusions.

[143] Only four Chinese exporters participated fully in the 2011 subsidy re-investigation, including PanAsia. The GOC did not participate in the subsidy re-investigation. Consequently, the CBSA has limited information concerning the details of the subsidy programs that were regarded as countervailable.

[144] Company-specific amounts for subsidy were calculated for each of the cooperating exporters. The amount of subsidy for all other exporters was equal to 15.84 Renminbi per kilogram, as determined according to Ministerial specification pursuant to subsection 30.4(2) of SIMA.⁵⁰

[145] Detailed descriptions of the programs and explanations as to why they were regarded as countervailable subsidies are contained in the CBSA's *Letters to Exporters* issued at the conclusion of the re-investigation.⁵¹

[146] The results of the conclusion of the 2011 subsidy re-investigation represent the best information available, which is that subsidy programs continue to be available to aluminum extrusions exporters in China.

[147] As noted earlier, the GOC did not provide a response to the ERQ for this expiry review investigation. As a result, the CBSA relied on the information on the record, including publicly available data. The most current subsidy information available is from the subsidy re-investigation concluded February 20, 2012.

⁵⁰ Exhibit S3 – Notice of Conclusion – Certain Aluminum Extrusions Re-investigation.

⁵¹ Exhibits S83 (PRO), S84 (PRO), S85 (PRO), S86 (PRO), S87 (PRO), – Notice of Conclusions and Exporter Ruling Letters.

[148] At the initiation of the re-investigation, the CBSA identified 41 potential subsidy programs. During the Period of Investigation (POI) for the 2011 re-investigation (January 1, 2010 to June 30, 2012), the cooperative exporters benefitted from one of these potential subsidy programs and from six additional programs that had not been identified at the initiation. The following is a list of these subsidy programs:

- *Input Materials Provided by Government at Less than Fair Market Value*
- *Exemption of cities maintenance and constriction tax and extra charges for education*
- *Income Tax reduction 2010*
- *Xinzhuang Financial Bureau - 2009 funds to support an open economy*
- *Xinzhuang Financial Bureau – Economic Development Award*
- *Xinzhuang Financial Bureau – Export Business Incentives*
- *IP Rebate*

[149] Chinese producers have continued to export aluminum extrusions to the Canadian market while the findings were in place as evidenced in **Table 1**.

[150] Since the conclusion of the original 2008 investigation, subject goods have continued to be assessed countervailing duty, as evidenced in **Table 3**.

[151] As noted in the analysis of likelihood of the continued or resumed dumping, information on the record indicates that there are many aluminum extrusion manufacturers in China and that their excess capacities for production of aluminum extrusions exceed the Canadian market many times over.⁵²

[152] There is information on the record that indicates that Chinese aluminum extrusions exporters continue to rely heavily on export markets⁵³, and with other countries also imposing countervailing duties, the Chinese manufacturers of aluminum extrusions would most likely export goods to Canada at subsidized prices should the findings be rescinded.

⁵² Exhibit S90 (PRO) - Information and documents aiding to the expiry review, pages 17-18.

⁵³ Exhibit S15 (NC) – CITT Administrative Record, attachment 4.

[153] There are also other countervailing measures against Chinese aluminum extrusions and downstream aluminum products from Australia, the European Union and the United States. With respect to the downstream products, at least in regards to the ongoing investigation concerning unitized wall modules, the allegations being investigated include, among others, that subsidies provided to producers of aluminum extrusions have been “passed-through” to the exporters of unitized wall modules. These countervailing measures were documented as follows:

Country Imposing Action	Description of Goods	Year of Action
Australia ⁵⁴	Aluminum Extrusions	2010
United States ⁵⁵	Aluminum Extrusions	2011
European Union ⁵⁶	Photovoltaic Modules (Solar Panels)*	2012
Canada ⁵⁷	Unitized Wall Modules*	2013

*These cases have not been concluded and the investigations are still in progress.

[154] The existence of these other countervailing measures is a further indication that the GOC continues to provide subsidies to its domestic producers and likely will continue to do so in the future.

President’s Determination – Subsidizing

[155] Based on the information on the record in respect of: the continued availability of subsidy programs for aluminum extrusions exporters in China; the continued exports to Canada during the POR of subsidized goods; the GOC’s continued provision of subsidies to manufacturers within the aluminum sector; and the countervailing measures against Chinese aluminum extrusions and downstream products in both Canada and other countries, the President determined that the expiry of the findings is likely to result in the continuation or resumption of subsidizing of certain aluminum extrusions originating in or exported from China.

⁵⁴ Exhibit 94 (NC) – Case Brief Canadian producers, paragraph 118.

⁵⁵ Exhibit S15 (NC) – CITT Administrative Record, attachment 4.

⁵⁶ www.ec.europa.eu/trade

⁵⁷ www.cbsa-asfc.gc.ca/sima-lmsi/menu-eng.html

CONCLUSION

[156] For the purposes of making determinations in this expiry review investigation, the CBSA conducted its analysis within the scope of the factors contained in subsection 37.2(1) of the SIMR. Based on the foregoing consideration of pertinent factors and analysis of the information on the record, the President determined that the expiry of the findings made on March 17, 2009, in Inquiry No. NQ 2008 003, and as amended on February 10, 2011, in Inquiry No. NQ-2008-003R, concerning certain aluminum extrusions originating in or exported from China is likely to result in the continuation or resumption of dumping and subsidizing of these goods into Canada.

FUTURE ACTION

[157] On June 5, 2013, the Tribunal commenced its inquiry to determine whether the expiry of its findings concerning the dumping and subsidizing of certain aluminum extrusions from China is likely to result in injury or retardation to the Canadian industry. The Tribunal has announced that it will issue its decision by March 17, 2014.

[158] If the Tribunal determines that the expiry of the findings with respect to the goods from China is likely to result in injury or retardation, the findings will be continued in respect of those goods, with or without amendment. If this is the case, the CBSA will continue to levy anti-dumping and countervailing duties on dumped and subsidized importations of certain aluminum extrusions originating in or exported from China.

[159] If the Tribunal determines that the expiry of the findings with respect to the goods from China is unlikely to result in injury or retardation, the findings in respect of those goods will be rescinded. Anti-dumping and countervailing duties would no longer be levied on importations of certain aluminum extrusions beginning on the date the findings are rescinded.

INFORMATION

[160] For further information, please contact the officer listed below:

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