King + Spalding
3/29/11

Aluminum Extrusions From China

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

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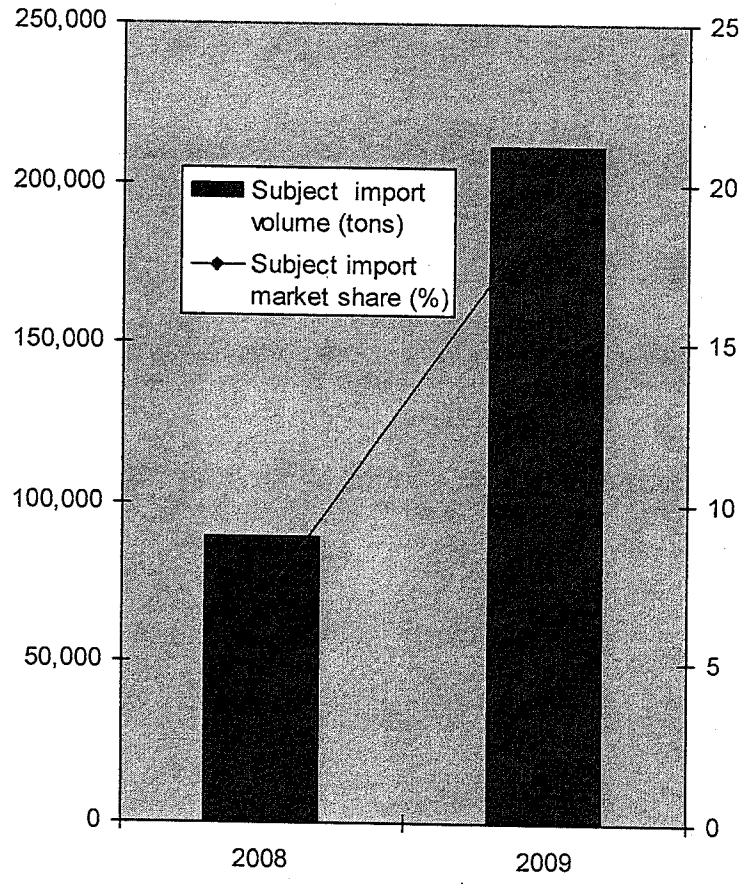
- Demand declined and was weak during the POI
- Metal cost constrains pricing flexibility

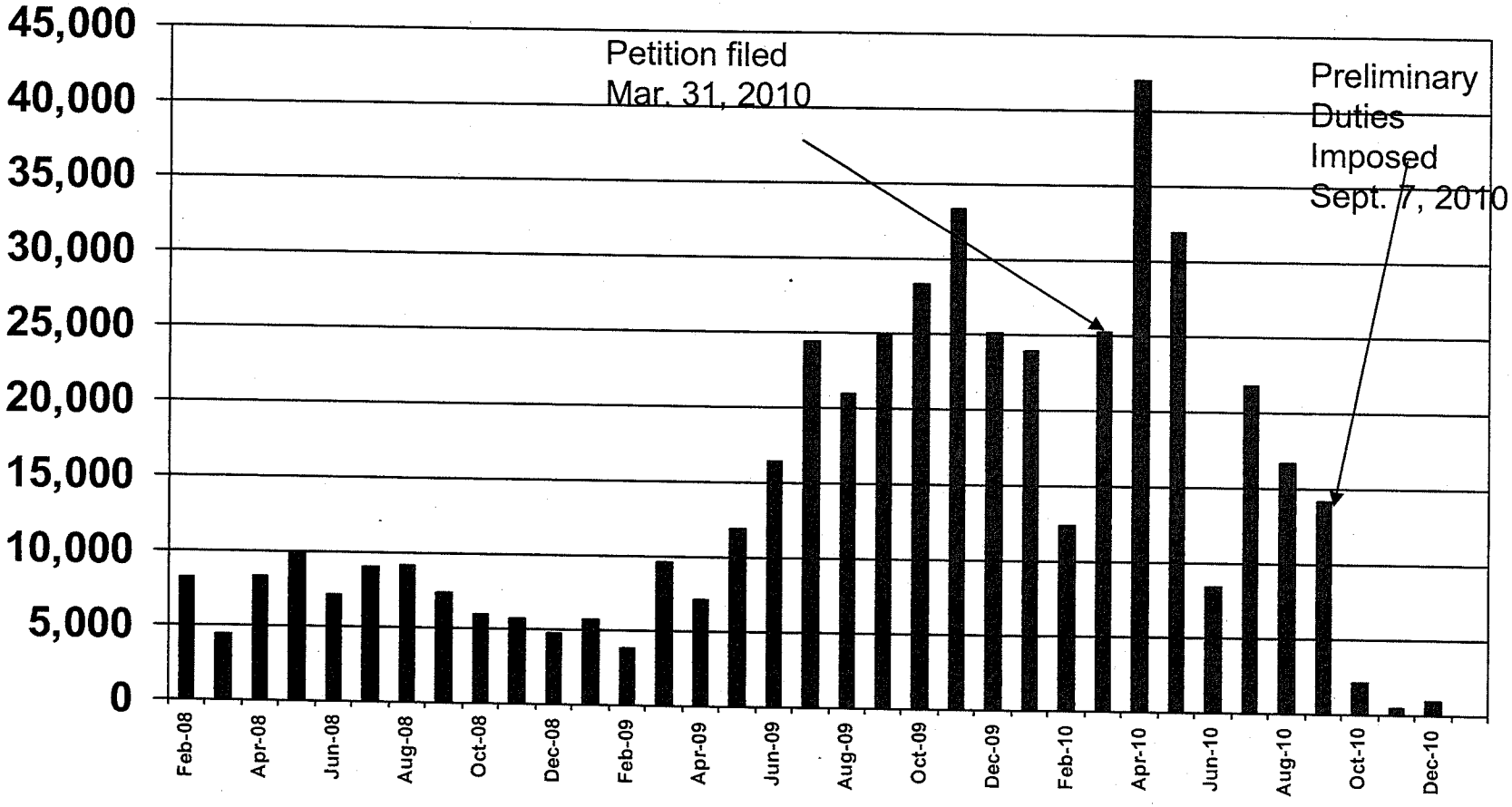
Volume of the Subject Imports, 2008-2009

- 137.8 percent increase in subject import volume
- 12.5 percentage point gain in subject import market share

Source: Prehearing Report (PR) at Appendix C

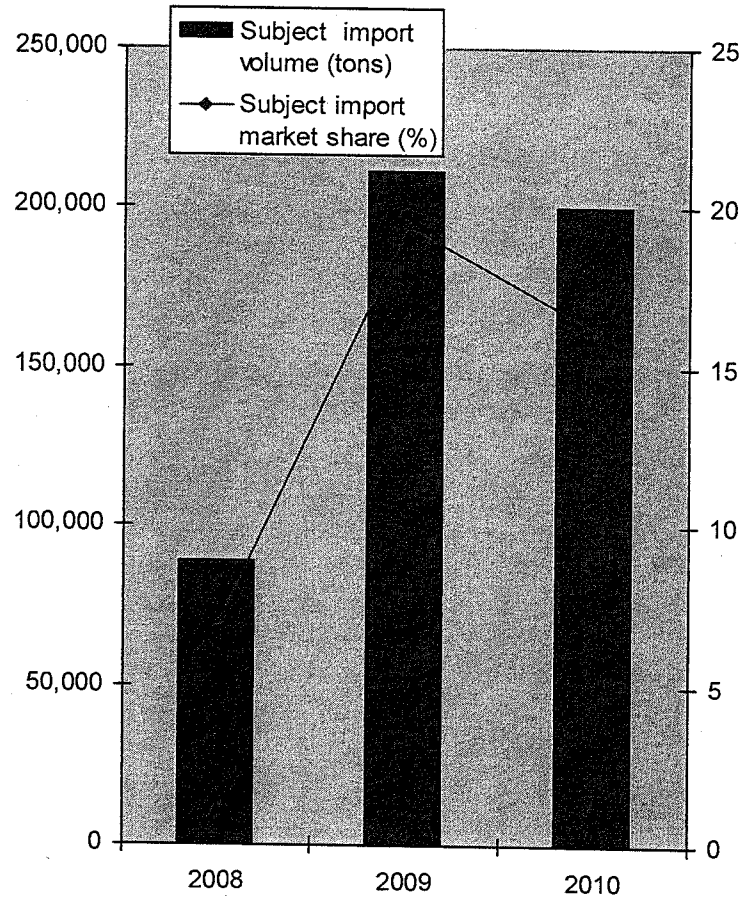


2008-2010 Monthly Imports of Aluminum Extrusions From China (Tons)



Volume of the Subject Imports, 2008-2010

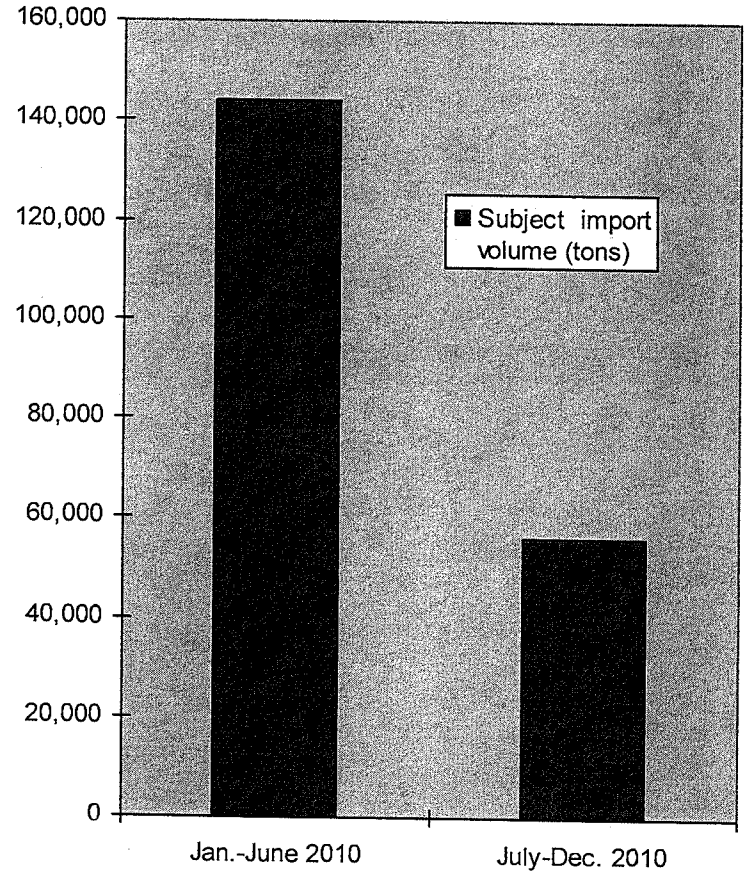
- 124.8 percent increase in subject import volume
- 9.3 percentage point gain in subject import market share



Source: PR at Appendix C

Volume of Subject Imports, Jan.-June 2010 vs. July-Dec. 2010 (tons)

Subject imports volume fell 60.9% from January-June 2010 to July-December 2010



Source: Petitioners' Prehearing Brief at Exhibit 12

Price Effects of the Subject Imports -- Underselling

- Instances of underselling -- 45 of 59 price comparisons (frequency of 76%)
- Margins of underselling -- 3.5% to 54.5%

Source: PR at V-23

Price Effects of the Subject Imports -- Price Depression

- U.S. producers' prices decline for five products
- U.S. producers' prices decline by 3.0% to 27.2%
- Chinese import prices decline for six products
- Chinese import prices decline by 9.5% to 43.7%

Source: PR at V-7

Price Effects of the Subject Imports -- Lost Sales and Revenues

- 19 U.S. producers reported $122 million in lost sales and $15 million in lost revenues
- 15 U.S. producers reduced prices
- 9 U.S. producers rolled back price increases

Source: PR at V-23

See Petitioners' Prehearing Brief at 44 for sum of confirmed lost sales and revenues.

Impact of the Subject Imports on Production, Capacity Utilization, and Shipments

Production	Down 11.9 percent
Capacity utilization	Down 8.2 percentage points
U.S. shipments quantity	Down 14.2 percent
U.S. shipments value	Down 24.5 percent
U.S. shipments unit value	Down 12.0 percent

Source: PR at Appendix C

Impact of the Subject Imports on Employment

Production workers	Down	Lay-offs
Hours worked	Down	Reduced shifts
Wages paid	Down	Lost income
Hourly wages	Down	Lost income

Source: Petitioners' Prehearing Brief at Exhibit 92

Impact of the Subject Imports on Financial Indicia -- 2008-2009

Net sales quantity	Down 25.8 percent
Net sales value	Down 38.2 percent
Net sales unit value	Down 16.8 percent
Operating income	Down 15.5 percent

Source: PR at Appendix C

Vulnerability of the Domestic Industry in 2010

- Operating margin is 1.8 percent
- Return on investment is 3.8 percent

Since 2008 --

- Capital expenditures are down 46.5 percent
- Research and development is down 18.4 percent
- Total assets value is down 19.6 percent

Source: PR at VI-12 and Appendix C

Threat of Material Injury

- Chinese aluminum industry is export-oriented
- 40 Chinese aluminum extrusion plant expansions are under way
- These expansions will add 4.5 million metric tons of new capacity
- Import surge during the POI
- Underselling, price depression and lost sales during the POI
- Canadian and Australian remedy findings

Source: PR at VII-5 - VII-7.

See also Petitioners' Prehearing Brief at 56-76.

U.S. Market Size in 2010 vs. Planned Chinese Capacity Expansions (MT)

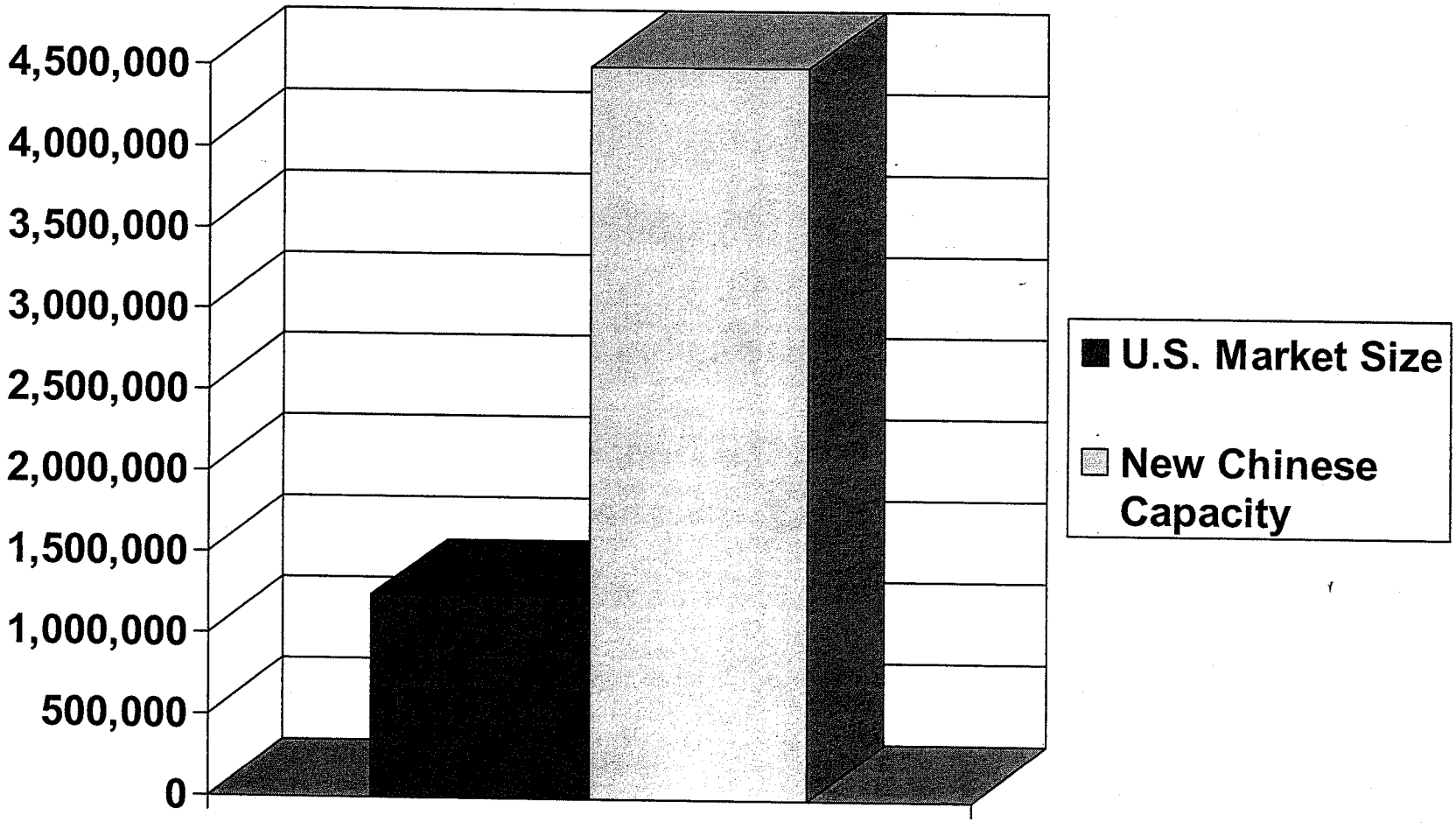


Table V-9
Aluminum extrusions: Weighted-average f.o.b. prices and quantities of domestic and imported product 7[1] and margins of underselling/(overselling), by quarters, 2008-10

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

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

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

Bath and Shower Enclosure Extrusions

- No overall domestic industry data

- Subject imports penetrated the U.S. bath and shower extrusion market prior to even 2007
- Subject import market share in the bath and shower segment of the U.S. aluminum extrusion market was substantial throughout 2008-2010
- See pricing data for product 4 in confidential Prehearing Report in Table V-6 at V-11.