



**PROVISIONAL AFFIRMATIVE DETERMINATION**

**Aluminium Extrusions imported into the United Kingdom from the  
People's Republic of China**

**Provisional affirmative determination in a dumping investigation  
and a recommendation to require a guarantee**

**INVESTIGATION No. AD0012**



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## Section A: Introduction

This provisional affirmative determination (PAD) and recommendation to require a guarantee is made pursuant to paragraphs 11(3) and 13(3) and 13(8) of Schedule 4 to the Taxation (Cross-border Trade) Act 2018 (the Act).

The PAD has been made based on the evidence before the Trade Remedies Authority (TRA) in accordance with paragraph 11(3) of Schedule 4 to the Act.

This investigation covers certain aluminium extrusions (the Goods Concerned) exported from the PRC. A description of the goods subject to this PAD and recommendation (the Relevant Goods) can be found in **Section E: The Goods and Like Goods**.

## Section B: Preliminary Findings

### B1. Period of Investigation and Injury Period

The period of investigation (POI) is 01 June 2020 to 31 May 2021.

In order to assess injury, the TRA has chosen to examine the period from 01 June 2017 to 31 May 2021.

### B2. Preliminary Determination

The TRA has determined, based on the evidence before it, in accordance with paragraph 11(1) of Schedule 4 to the Act, that the Relevant Goods have been or are being dumped in the United Kingdom (“UK”) and the dumping of the Relevant Goods has caused or is causing injury to a UK industry in those goods. As a result, the TRA has chosen to make a PAD in accordance with paragraph 11(3) of Schedule 4 to the Act.

### B3. Recommended Guarantee

In line with paragraph 13(3) of Schedule 4 to the Act, the TRA recommends to the Secretary of State for International Trade (SoS) that all importers of the Relevant Goods should be required to give a guarantee in respect of any additional amount of import duty which would have been applicable, or potentially applicable, to the Relevant Goods if an anti-dumping



amount had been applied to the Relevant Goods based on the PAD (an estimated anti-dumping amount).

This means that the importer who would be liable for the duty must provide a guarantee that they are able to pay the estimated anti-dumping amount if it becomes payable.

The TRA is satisfied that, in accordance with paragraph 13(4) of Schedule 4 to the Act, the guarantee is necessary to prevent injury being caused during the investigation to the UK industry of the Like Goods (defined in **Section E3. Like Goods**, and that it meets the economic interest test.

The TRA recommends that the guarantee takes the form of a bank guarantee. HMRC will administer the guarantee.

Affected importers will be notified that they need to set up the guarantee when first importing the Relevant Goods into the UK. A guarantee will be required during the period of the provisional remedy: the provisional remedy will end in 6 months; or when a definitive remedy is implemented, whichever is the sooner.

Further information in respect of the guarantee can be found in the taxation notice published by the Secretary of State for International Trade and further guidance on guarantees is available on GOV.UK<sup>1</sup>.

## Section C: Next Steps

The purpose of publishing this report is to inform interested parties of how the decision to make a PAD and recommendation to require a guarantee were reached including the course of the investigation to date, the basis on which the provisional dumping margins have been calculated (including a particular market situation (as specified in **Section G: Preliminary Findings on Dumping**)), and the basis on which the estimated anti-dumping amounts relevant to the recommended guarantee have been calculated, and allow interested parties to make submissions in response.

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<sup>1</sup> Apply for a general guarantee account: [Apply for a general guarantee account and pay disputed amounts - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/apply-for-a-general-guarantee-account-and-pay-disputed-amounts)



Interested parties are invited to make submissions in response to this report. Any submissions on this report which are received prior to the deadline for submission of comments on the Statement of Essential Facts (SEF), will be considered and addressed in the Final Determination.

Submissions should be sent via our Trade Remedies Service<sup>2</sup>.

## Section D: Background

### D1. Initiation

On 30 April 2021 the TRA received an application<sup>3</sup> lodged by Hydro Aluminium UK Ltd (“Hydro”), alleging that certain aluminium extrusions imported into the UK from the PRC are being dumped and causing injury to the UK industry.

UK producers supporting this application include Exlabesa Extrusions (Doncaster) Ltd (“Exlabesa”), Garner Aluminium Extrusions Ltd (“Garnalex”) and Aluminium Shapes Ltd (“Aluminium Shapes”). The application was made on behalf of the UK industry in aluminium extrusions.

The application contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation. The case was initiated by the TRA on 21 June 2021, and the notice of initiation<sup>4</sup> was published on that date.

### D2. Participation in the review

The TRA invited interested parties to register in order to participate in the investigation.

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<sup>2</sup> Trade Remedies Service: <https://www.trade-remedies.service.gov.uk/accounts/login/?next=/dashboard/>

<sup>3</sup> Non-confidential Application: <https://www.trade-remedies.service.gov.uk/public/case/AD0012/submission/58db49f3-2ec8-4b8d-9acc-82d85bb69037/>

<sup>4</sup> Notice of Initiation: <https://www.trade-remedies.service.gov.uk/public/case/AD0012/submission/58db49f3-2ec8-4b8d-9acc-82d85bb69037/>



Due to the number of responses received during the registration period, the TRA has limited its examination of overseas exporters. The TRA published a notice of proposed sample<sup>5</sup> on 12 July 2021.

The names of the sampled exporters are:

- The Press Metal Group of Companies composed of Press Metal International Ltd (China), Press Metal International Technology Ltd. (China), Press Metal UK Limited.
- Shandong Nanshan Aluminium Co. Ltd.
- The Haomei Group composed of the two exporting producers Guandong Haomei New Materials Co. Ltd and Guandong King Metal Light Alloy Technology Co. Ltd.
- The PanAsialum Group composed of PanAsia Enterprises (Nan Yang) Co Ltd. and PanAsia Aluminium (China) Limited.

The domestic industry includes:

- Hydro Aluminium UK Ltd.
- Exlabesa Extrusions (Doncaster) Ltd.
- Garner Aluminium Extrusions Ltd.
- Aluminium Shapes Ltd.

Importers include:

- Aalco Metals (Amari Metals Group).
- 3o Limited.

Other contributors include:

- Sherwood Stainless.
- Righton and Blackburn.
- ABL (Aluminium Components) Ltd (Amari Metals Group).
- Senior Architectural Systems Ltd.
- Hydro Aluminium (Deeside) Ltd.

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<sup>5</sup> Proposed sample: <https://www.trade-remedies.service.gov.uk/public/case/AD0012/submission/439ce90d-0c8d-44ec-87cf-58d58b4d3032/>



Annex A contains a summary of information received from interested parties.

### **D3. Verification of Data**

This PAD and recommendation is based on information available to the TRA at the time of publication, and the TRA deems this information sufficient to reach a provisional determination and to make a recommendation.

Verification of sampled parties' information is ongoing to assess the completeness, relevance, and accuracy of their data. Any additional relevant information obtained will be incorporated into the SEF and the TRA's final determination.

## **Section E: The Goods and Like Goods**

### **E1. Legislative Framework**

The TRA refers to the goods we are investigating as the 'Goods Concerned' (regulation 2 of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (the Regulations)).

The TRA refers to the Goods Concerned which are the subject of this PAD and recommendation as the 'Relevant Goods' (paragraph 13(2) of Schedule 4 to the Act). Details of the Goods Concerned not included in the PAD or recommendation are set out in **Section E7. Goods Concerned not included in the PAD or the recommendation.**

For the purposes of the PAD and recommendation, the TRA refers to 'Like Goods' as those which are: like the Relevant Goods in all respects or have characteristics which closely resemble them (paragraph 7 of Schedule 4 to the Act); and produced by the UK Industry. A further description of the Like Goods is set out in **Section E3. Like Goods** and the Like Goods assessment is set out in **Section E4. Assessment of the Relevant Goods and Like Goods.**

### **E2. The Relevant Goods**

The investigation is in respect of certain aluminium extrusions (the Goods Concerned) exported from the PRC, described as:



Bars, rods, profiles (whether or not hollow), tubes, pipes; unassembled; whether or not prepared for use in structures (e.g., cut to length, drilled, bent, chamfered, threaded); made from aluminium whether or not alloyed, containing not more than 99.3% aluminium.

The Goods Concerned are commonly referred to as 'aluminium extrusions'. This refers to its more common manufacturing process, even if it can also be produced by other production processes such as rolling, forging or casting.

These Aluminium Extrusions are currently classifiable within the following commodity code(s): 76041010; 76041090; 76042100; 76042910; 76042990; 76081000; 76082081; 76082089; 76109090.

These codes are only given for information and not all goods within these codes are part of this investigation.

Aluminium structures or parts of structures, subassemblies, products that are imported in "finished goods kit", and welded tubes and pipes, are not part of this investigation.

Additionally, we have chosen to exclude certain aluminium extrusions from the PAD and recommendation, these are detailed in **Section E7. Goods Concerned not included in the PAD or the recommendation.**

The TRA refers to the Goods Concerned which are the subject of this PAD and recommendation as the 'Relevant Goods' (paragraph 13(2) of Schedule 4 to the Act).

### **E3. Like Goods**

For the purposes of the PAD and recommendation, the TRA refers to 'Like Goods' as those which are: like the Relevant Goods in all respects or have characteristics which closely resemble them (paragraph 7 of Schedule 4 to the Act); and produced by the UK Industry.

The Like Goods are aluminium extrusions that are supplied to meet customer design needs (usually identified in the form of drawing specifications, tolerance level and aluminium alloy specification), including but not limited to bars, rods, profiles (whether or not hollow), tubes, pipes; unassembled; whether or not prepared for use in structures (e.g. cut to length, drilled, bent, chamfered, threaded); made from aluminium alloy containing less than 99% of aluminium. The goods are commonly referred to as 'aluminium extrusions', referring to its





most common manufacturing process even if the goods can also be produced by other production processes such as rolling, forging or casting.

#### E4. Assessment of the Relevant Goods and Like Goods

In identifying Like Goods, the TRA has considered:

- physical likeness, such as physical characteristics;
- commercial likeness, including competition and distribution channels;
- functional likeness, such as end-use or interchangeability;
- similarities in production, such as method and inputs;
- other relevant characteristics.

The TRA has determined that the Relevant Goods and the Like Goods are comparable.

#### E5. Product Control Numbers

The TRA use Product Control Numbers (PCNs) to match exported goods with identical or mostly comparable domestically sold goods.

PCNs are created on the basis of the main physical characteristics differentiating the goods, providing that the characteristics have an impact on price.

The PCN structure used in this case can be seen in Table 1:

Table 1 – Product Control Number		
Field Description	Field Format	Explanation
Customisation	X  Letter	<b>S</b> – standard profiles/shapes which can be purchased by any customer, normally shown in a standard catalogue  <b>C</b> – custom/bespoke profiles. The customer owns the copyright/design rights



Shape/Form	X  Letter	<b>B</b> – Bars and rods <b>P</b> – Pipes and tubes <b>S</b> – Solid profiles specifically: I, C, T (both with equal and unequal sides), H, U, double U, Z, L (angle), mouldings/ledgers <b>H</b> – Hollow Shape <b>O</b> – Other
Alloy Series	X  Digit	<b>2</b> – 2000 series <b>3</b> – 3000 series <b>4</b> – 4000 series <b>5</b> – 5000 series <b>6</b> – 6000 series <b>7</b> – 7000 series <b>8</b> – 8000 series <b>9</b> – Other
Length	X  Letter	<b>S</b> – shorter than or equal to 2 metres <b>M</b> – longer than 2 metres and up to 7 metres <b>L</b> – longer than 7 metres
Weight per metre	X  Digit	<b>0</b> – less than 0.1 kg/m <b>1</b> – 0.1 kg/m to <0.5 kg/m <b>2</b> – 0.5 kg/m to < 4.5kg/m <b>3</b> – 4.5kg/m to < 8 kg/m <b>4</b> – 8kg/m to < 10 kg/m <b>5</b> – greater than 10kg/m
Maximum Cross-Sectional Dimension	X  Letter	<b>S</b> – less than or equal to 310mm <b>L</b> – greater than 310 mm
Finish	X  Letter	<b>N</b> – No Finish <b>P</b> – Painted <b>A</b> – Anodised <b>O</b> – Other
Fabrications	X  Letter	<b>N</b> – None <b>Y</b> – Other including additional cutting, machining, drilling, punching, notching, bending, stretching.
Drawing	X  Letter	Only applies to Bars and Rods (Shape/Form <b>B</b> )  <b>N</b> – Not drawn <b>D</b> – Drawn  For shape/form P, S, H. O – use N



## **E6. PCN Analysis**

In carrying out its calculations, the TRA has used the methodology of conducting a PCN-by-PCN margin calculation, on a representative proportion of PCNs.

The representative proportion of PCNs are composed of those for which there are matching PCNs produced in the UK and exported by the PRC to the UK.

## **E7. Goods Concerned not included in the PAD or the recommendation**

The TRA has provisionally identified that aluminium extrusions with a maximum cross-sectional dimension of greater than 310mm are not currently being manufactured in the UK. These PCNs will not be included in the PAD or recommendation to the SoS to require a guarantee. The TRA has provisionally identified a number of PCNs that fall within this description which are listed in Annex B. Please note that the list in Annex B is not exhaustive. Aluminium extrusions with a maximum cross-sectional dimension greater than 310mm (including those listed in Annex B) will continue to be investigated and definitive remedies may be imposed at the end of the investigation if required.

## **Section F: The UK Industry and UK Market**

### **F1. Overview**

The UK industry is defined as all the producers in the UK of Like Goods or those of them whose collective output of Like Goods constitutes a major proportion of the total production of those goods in the UK.

### **F2. Scope of the UK Industry**

The aluminium extrusions industry is a sector within the larger aluminium industry.

The scope of UK Industry includes producers, importers, stockholders, upstream and downstream industries. Upstream industries include producers and suppliers of inputs, such as aluminium billet, energy, and chemicals. Downstream industries include fenestration, heating, ventilating and air conditioning, building and construction, transportation, and automobiles.



The Aluminium Federation is the trade association that represents the interests of the aluminium industry in the UK.

### F3. Production Process

The production process<sup>6</sup> starts with the raw material bauxite. Alumina is extracted from the bauxite through refining.

The alumina is dried to a white powder. The refined alumina is transformed into aluminium. The liquid aluminium is cast into aluminium ingots. The aluminium ingot is combined with alloys (to define the grade of material) and recycled aluminium and then converted to logs (or smaller billets). These billets are heated and extruded through a shaped tool called a die. The resulting extrusion is then stretched and cut to length and annealed to retain its properties. Further work, such as fabrication, painting or anodising can be carried out to customer specification.

### F4. UK Market

The aluminium extrusions market in the UK is concentrated with seven known producers. These are: Hydro Aluminium (Birtley, Caerphilly, Cheltenham and Tibshelf), Capalex (Cumbria), BOAL Aluminium (Loughborough), Garnalex (Derbyshire), Exlabesa (Doncaster), Aluminium Shapes (Northamptonshire) and Smart Aluminium (Somerset).

**Section I: Economic Interest Test** (EIT) addresses competition in detail as part of our EIT assessment.

The UK industry (as defined in **Section F1. Overview**) makes up approximately 30 – 40% of the total UK market, as measured by sales as a proportion of total domestic consumption.

European Aluminium<sup>7</sup> provides insight into the aluminium extrusions market in 2020, which includes the UK. They report that in 2020 ‘...primary production in Europe remained stable, despite the COVID-19 crisis. The semi-fabricated products (flat rolled products and

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<sup>6</sup> Hydro: How aluminium is made: <https://www.hydro.com/en-FR/aluminium/products/extruded-profiles/extrusion-in-detail/> and <https://www.hydro.com/en-GB/aluminium/about-aluminium/how-its-made/>

<sup>7</sup> European Aluminium Market Overview: <https://www.european-aluminium.eu/activity-report-2020-2021/market-overview/>



extrusions) market, on the other hand, was greatly affected by the crisis. Demand decreased significantly, due to the downturn in end-use markets, mainly automotive, transport, building and construction. Chinese excess capacity, strict EU energy and climate regulations, and challenges in accessing aluminium scrap are all exerting additional pressures on the industry.’

Demand for aluminium, and aluminium extrusions is expected to grow<sup>8</sup>, especially in the automotive and transport sector, where there is a switch to electric cars, as well as building and construction, and the increase in construction of green buildings.

**Section H: Preliminary Findings on Injury**, addresses relevant market trends in detail as part of our injury assessment.

## **Section G: Preliminary Findings on Dumping**

Dumping occurs when goods are imported into a country and sold at a price that is below their normal value in their country of export.

The dumping margin is the difference between the export price and the normal value of the goods being dumped, described as a percentage of the export price.

In our preliminary determination, calculating the dumping margin involved the following stages:

- calculating the normal value of the Relevant Goods;
- determining the export price;
- ensuring a fair comparison between the normal value and the export price;
- calculating the dumping margins.

### **G1. Normal value**

Where possible the TRA will use the price of the Relevant Goods or Like Goods in the ordinary course of trade in the home market of the exporting country (normal value).

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<sup>8</sup> Circular aluminium action plan: <https://european-aluminium.eu/media/2903/european-aluminium-circular-aluminium-action-plan.pdf>



At this stage in the investigation, it was not possible to use normal value, as some costs did not reasonably reflect what they would be in the domestic market if they were substantially determined by market forces. This is explained in **Section G2. Particular market situation**.

The TRA used a constructed normal value based on actual data from exporters, adjusting certain costs or profits where they were considered unrepresentative.

## **G2. Particular market situation**

A particular market situation (PMS) in an exporting country means that we are unable to use a comparable price to calculate the normal value of the Relevant Goods as the sales do not allow a proper comparison between the Like Goods and the Relevant Goods. This may occur if prices are artificially low, there is significant barter trade, prices reflect non-commercial factors or government interventions affecting the sales price of the goods concerned or the upstream or downstream markets.

Allegations of a particular market situation were made by the applicant and evidence was provided to support these allegations.

The allegations were in relation to:

- Government influence;
- Labour cost and policy;
- Capital;
- Land;
- Aluminium input;
- Energy cost.

PMS questions were included in the questionnaires that went out to exporters in the PRC.

The TRA invited the Government of China (GoC) to respond to a questionnaire concerning the alleged existence of distortions in the PRC. No response to the questionnaire was received at the time of this publication.

The TRA investigated the allegations to assess the validity of the claims and determine whether exporters' prices are distorted by a PMS to the extent that they do not permit a proper comparison.



The TRA found that prices in the aluminium extrusions industry reflect non-commercial factors, which are impacting two cost areas: aluminium inputs and energy costs.

Aluminium input prices were found to be artificially lowered by non-commercial factors. The Organisation for Economic Cooperation and Development (OECD) published a 2019 paper titled 'Measuring Distortions in International Markets: The Aluminium Value Chain'<sup>9</sup>. It observed that the PRC has historically imported almost half of its bauxite needs and has been increasing its imports of bauxite consistently over the last decade. The report states that export restrictions have been in operation in the PRC and can cause distortions in supply chains. Export restrictions generally have the effect of making the product cheaper domestically and can also increase its price on world markets. The OECD has a database that records export restrictions on raw materials applied during the period of 2009–2019. It shows that export taxes on wrought aluminium have consistently remained at 15% over this period.<sup>10</sup> A 2020 article from Argus Media<sup>11</sup> reports that a 15% duty will continue on unwrought nickel, aluminium, zinc and copper in 2021.

By comparison, export taxes are approximately 0-1% for semi-fabricated products and articles of aluminium<sup>12</sup>. This encourages the export of processed aluminium products but discourages the export of primary aluminium, generating oversupply of primary aluminium in the domestic market. The OECD paper reports that estimated VAT costs for different aluminium products in China show exports of bauxite, alumina, and primary aluminium have all borne the full extent of the VAT over the past 8 to 15 years [paper published in 2019]. In other words, they had zero or near-zero rebates in the period. The OECD paper states that "...this has provided a strong incentive to Chinese smelters not to export their primary

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<sup>9</sup> OECD Trade Policy Papers: Measuring Distortions in International Markets: The Aluminium Value Chain: [https://www.oecd-ilibrary.org/trade/measuring-distortions-in-international-markets-the-aluminium-value-chain\\_c82911ab-en](https://www.oecd-ilibrary.org/trade/measuring-distortions-in-international-markets-the-aluminium-value-chain_c82911ab-en)

<sup>10</sup> OECD: Export Restrictions on Industrial Raw Materials: [http://qdd.oecd.org/data/ExportRestrictions\\_IndustrialRawMaterials/.7601%2b760110%2b760120%2b7602%2b760200%2b7604%2b760410%2b760429...CHN](http://qdd.oecd.org/data/ExportRestrictions_IndustrialRawMaterials/.7601%2b760110%2b760120%2b7602%2b760200%2b7604%2b760410%2b760429...CHN)

<sup>11</sup> Argus Media: <https://www.argusmedia.com/en/news/2171663-china-to-maintain-ferroalloys-metals-tariffs-in-2021>

<sup>12</sup> OECD Trade Policy Papers: Measuring Distortions in International Markets: The Aluminium Value Chain: [https://www.oecd-ilibrary.org/trade/measuring-distortions-in-international-markets-the-aluminium-value-chain\\_c82911ab-en](https://www.oecd-ilibrary.org/trade/measuring-distortions-in-international-markets-the-aluminium-value-chain_c82911ab-en)



aluminium and instead sell it domestically for lower prices than they would obtain in global markets”.

Energy prices in the PRC were found to reflect non-commercial factors. A World Trade Organisation (WTO) report states that price controls take two forms: "government-set prices" or "government-guided prices"<sup>13</sup>. Government-set prices are fixed prices set by the competent authorities, while government-guided prices are prices set by business operators within a range of prices set by the competent pricing departments or other related government departments, within which the real price is allowed to fluctuate.

The relevant authority is the Department of Pricing, which sits within the National Development and Reform Commission (NDRC). The Department of Pricing states its objective is “to monitor, forecast and give warning of price changes, and propose price control targets and policy recommendations”<sup>14</sup>.

The relevant legislation is the Price Law of the PRC. Article I of Price Law states “This Law is enacted with a view to standardising the price acts, giving play to the role of price in the rational allocation of resources, stabilising the overall price level of the market, protecting the lawful rights and interests of the consumers and operators and promoting the sound development of the socialist market economy”. Article 18 of the Price Law states “The government may enforce government-guided prices or government-set prices when necessary for the prices of the following commodities and services: [...] (4) the prices of essential public utilities”.<sup>15</sup>

The WTO published its trade policy review on the PRC in September 2021. This review contains a summary of the products or services subject to prices set or guided by local Governments in 2021 and includes electricity transmission and distribution.<sup>16</sup>

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<sup>13</sup> WTO Trade Policy Review: [https://www.wto.org/english/tratop\\_e/tpr\\_e/s415\\_e.pdf](https://www.wto.org/english/tratop_e/tpr_e/s415_e.pdf)

<sup>14</sup> National Development and Reform Commission: [https://en.ndrc.gov.cn/aboutndrc/BandD/202105/t20210526\\_1280939.html](https://en.ndrc.gov.cn/aboutndrc/BandD/202105/t20210526_1280939.html)

<sup>15</sup> Price Law of the People's Republic of China: <http://english.mofcom.gov.cn/article/policyrelease/Businessregulations/201303/20130300046121.shtml>

<sup>16</sup> WTO Trade Policy Review China: [https://www.wto.org/english/tratop\\_e/tpr\\_e/s415\\_e.pdf](https://www.wto.org/english/tratop_e/tpr_e/s415_e.pdf)





The TRA found there is evidence to suggest that energy price setting exists at a national and local level, and that this was likely causing prices to reflect non-commercial factors.

To analyse the precise impact of these non-commercial factors on these cost areas, suitable benchmark values were identified. Benchmarks were selected in line with regulation 13(4) of the Regulations on the basis of what suitable information was available to the TRA.

The TRA opted to use a representative third country to acquire the necessary benchmark data. A representative third country was selected based on the following criteria:

- A similar level of economic development to the PRC, on the basis of GDP per capita, life expectancy and literacy rate.
- Similar level of employment in industry (as a % of total employed) and evidence of an aluminium industry and production of aluminium extrusions.
- Availability of relevant information. Where more than one country fit the above criteria, a country was selected based on the quality of the available information.

The TRA considered a number of countries and measured them against the above criteria. Following this assessment, Brazil was selected as most appropriately meeting each of the above criteria.

Brazil was found to be reasonably comparable with the PRC in economic development. Table 2 illustrates the similarities between the PRC and Brazil in terms of GDP per capita, life expectancy at birth and literacy rate.

Development Indicator	Brazil	PRC
GDP per capita ( <i>average annual figure from 2017-20</i> )	\$8,693	\$9,892
Life Expectancy at birth ( <i>2019</i> )	76 years	77 years
Literacy Rate ( <i>2018</i> )	93%	97%
Source: <a href="#">The World Bank</a>		

Brazil was also identified to meet the second criteria, which is the level of employment in industry and presence of an aluminium extrusion industry. A number of companies in Brazil



were identified to be producing aluminium extrusions. These include CBA (Companhia Brasileira de Alumínio; Brazilian Aluminium Company)<sup>17</sup> and Hydro Aluminium Brasil S.A.<sup>18</sup>. There is also good evidence of an established aluminium industry in Brazil, which includes mining companies such as Companhia Vale do Rio Doce (Vale)<sup>19</sup> (which manages one of the world’s richest Bauxite mines)<sup>20</sup>, as well as aluminium smelters such as Albras Alumínio Brasileiro S.A (Albras)<sup>21</sup>. Brazil also has a similar proportion of people employed in industry to the PRC, which is demonstrated in Table 3:

Employment in industry	Brazil	PRC
<i>(as % of total employment)</i>	20%	27%
Source: <a href="#">The World Bank</a>		

Where possible, Brazil has been prioritised as a representative country. However, in certain circumstances alternative data sources have been used. This was done where a given industry standard was the more reliable option. Alternative data sources were also used when no suitable data from Brazil was available to the TRA. Where this has occurred, in accordance with regulation 47 of the Regulations, alternative data sources have been used with special circumspection and have been selected based on the availability, reliability and suitability of the respective data.

### G3. Aluminium Inputs

To construct the raw material price for aluminium, benchmark cost data was obtained for:

- the cost of the primary aluminium, in the form of aluminium ingots;

<sup>17</sup> CBA: <https://cba.com.br/en/cba/>

<sup>18</sup> Hydro Aluminium Brasil: <https://www.hydro.com/en-BR/about-hydro/hydro-worldwide/north-america/brazil/tubarao/hydro-extrusions-tubarao/>

<sup>19</sup> Vale: <http://www.vale.com/en/aboutvale/pages/default.aspx>

<sup>20</sup> Mining Technology: <https://www.mining-technology.com/projects/paragominas/>

<sup>21</sup> Albras: <http://www.albras.net/>



- the cost of transport to acquire the aluminium ingot. This is known as a 'Regional Premium', which is inclusive of all the costs associated with transporting the goods from their country of export to the destination; and
- the cost of processing the aluminium ingot into a billet (the billet premium).

Costs of the raw aluminium ingot were obtained from average monthly price data for the POI from the London Metal Exchange<sup>22</sup> (LME), sourced from S&P Global Platts under subscription. In 2020, \$11.6 trillion (or 3.5 billion tonnes) was traded on the LME. It is the world's centre for industrial metals trading and is used as the global reference price.

The aluminium ingots are described as "Al99.70 in the GB/T 1196-2017 Standard entitled 'Unalloyed aluminium ingots for remelting'" <sup>23</sup>. Since prices were given in USD, monthly average exchange rates were obtained from the Bank of England<sup>24</sup> to convert into CNY.

Data for benchmark Regional Premium costs was taken from Brazil. Brazil was chosen as a suitable benchmark country based on the methodology provided in **Section G2. Particular market situation**.

Regional Premium costs for Brazil for the POI were sourced from S&P Global Platts, under subscription, and data was provided in Delivered Duty Paid (DDP) incoterms. This ensures all costs associated with acquiring the goods are covered (including transport, insurance, freight, and any relevant import duties).

Benchmark cost information for billet premiums was obtained for the POI from S&P Global Platts (referred to as Billet Upcharge), using data from the United States of America (USA) Midwest. Since prices were given in USD, monthly average exchange rates were obtained from the Bank of England<sup>25</sup> to convert into CNY.

The USA was selected by the TRA as there was very limited data available in respect of billet premiums and, of the data available, the USA was the most suitable when considering development and geographical factors. The USA and the PRC are the two largest countries

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<sup>22</sup> The London Metal Exchange: <https://www.lme.com/Company/About>

<sup>23</sup> The London Metal Exchange: <https://www.lme.com/Metals/Non-ferrous/LME-Aluminium/Contract-specifications>

<sup>24</sup> Bank of England: <https://www.bankofengland.co.uk/boeapps/database/>

<sup>25</sup> Bank of England: <https://www.bankofengland.co.uk/boeapps/database/>



globally, in terms of GDP. They are the two largest countries by global manufacturing output<sup>26</sup> and also some of the largest countries by geographical size<sup>27</sup>, covering a very similar land mass (USA is 9.8m sq. km, whilst the PRC is 9.6m sq. km).

By combining the average of each aluminium input cost, the TRA established a benchmark cost per tonne (CNY).

The TRA compared the aluminium raw material cost per tonne for each sampled exporter against the benchmark value. The difference as a percentage was applied to increase the sampled exporters' cost of aluminium raw materials.

#### G4. Energy

Energy is one of the key inputs into the aluminium extrusion process, and accounts for approximately 5-10% of the cost of manufacturing aluminium extrusions<sup>28</sup>. There are two main energy inputs which are used in this process: electricity and gas. These are used to smelt ingots into billets, heat billets for extruding, and for other general purposes such as operating machinery.

Brazil was used as a third country for benchmark costs, for the reasons highlighted in **Section G2. Particular market situation**. Energy cost data was obtained from the Brazilian Government's Ministry for Mines and Energy<sup>29</sup> (MME), using their Energy Information Service.

The data available to the TRA was up to December 2020, meaning energy prices covered the first seven months of the POI (from June 2020 to December 2020) but did not cover the last five months (January 2021 to May 2021). The TRA opted to use this data source, as it relied on the best facts available.

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<sup>26</sup> Global Upside: <https://globalupside.com/top-10-manufacturing-countries-in-the-world/>

<sup>27</sup> Statista: <https://www.statista.com/statistics/262955/largest-countries-in-the-world/>

<sup>28</sup> Exporter questionnaires

<sup>29</sup> Ministry for Mines and Energy:

[https://www.mme.gov.br/SIEBRASIL/consultas/visor\\_reportes\\_d42.aspx?oc=138&or=30175&ss=2&v=1](https://www.mme.gov.br/SIEBRASIL/consultas/visor_reportes_d42.aspx?oc=138&or=30175&ss=2&v=1)



Benchmark electricity and gas costs obtained from the MME were presented in Brazilian Reals per Therm. This was converted into kWh and then into Chinese Yuan using monthly exchange rates obtained from the Central Bank of Brazil (Banco Central do Brasil)<sup>30</sup>.

To calculate an average energy cost per kWh between electricity and gas, an average was taken with a 50:50 weighting for the purpose of the preliminary determination. Industry research indicated that there was little consistency among the energy usage of different extrusion producers. As a result, the TRA has chosen to use a provisional 50:50 weighting of electricity and gas usage and will allocate an exporter specific weighting once verification has been completed.

The TRA then estimated the volume of energy used to produce an average tonne of extrusions using best facts available for the purpose of the preliminary determination. The TRA will allocate an exporter specific volume of energy once verification has been completed.

The TRA calculated the energy cost per tonne (CNY) by multiplying the energy used per tonne (in kWh) by the benchmark cost per kWh.

The TRA compared the energy cost per tonne for each sampled exporter against the benchmark value. The difference as a percentage was applied to increase the cost of energy.

## **G5. Other adjustments to Normal Value**

The TRA found that certain PCNs were sold for export to the UK but not in the domestic market, meaning that there was no domestic cost to make and sell data for these PCNs.

Other sampled exporters did not sell the same PCN. Given the variations within PCN in aluminium extrusions it was not considered appropriate to construct the domestic cost to make and sell from third country data.

In this case, cost to make and sell data for export was used, with an adjustment to bring it in line with cost to make and sell in the domestic market.

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<sup>30</sup> Banco Central do Brasil - <https://www.bcb.gov.br/en>



This adjustment was calculated by comparing cost to make and sell for the PCNs that are sold both domestically and for export.

The TRA made an adjustment to account for a profit element within sales between related parties. This was calculated as the difference between the net invoice value per unit and cost to sell per unit per PCN for sales between related parties.

## **G6. Export price**

The export price is normally based on the transaction price at which the foreign producer sells the product to an importer in the importing country.

As with normal value, this transaction price may not be appropriate for purposes of comparison such as where an association affects price.

In line with regulation 15 of the Regulations the TRA used a constructed export price, based on the price the Relevant Goods are first sold to an independent buyer in the UK, using actual data from exporters.

Details of the adjustments that were made can be found in **Section G7. Export Price Adjustments**.

## **G7. Export Price Adjustments**

In one instance sales were made via a related party in the UK. In order to establish the original export price from the PRC, an adjustment was made to remove administrative, selling and general costs, a reasonable level of profit and customs duties.

The TRA made an adjustment to remove profit element for transfers between the related parties. This was calculated as the difference between the net invoice value per unit and cost to sell per unit per PCN for sales between related parties.

The TRA made an adjustment to remove credit where this was not provided within the exporter's data. The adjustment was based on the Chinese Bank Interest rate for short term loan (GBP) as provided in the exporter's questionnaire submission.



## G8. Fair Comparison

The TRA considered that domestic sales were made in sufficient quantities during the ordinary course of trade to allow a proper comparison.

## G9. Margin of dumping

The TRA has preliminarily determined that exporters from the PRC have dumped aluminium extrusions in the UK at the following margins:

<b>Table 4 – Dumping Margins</b>		
<b>Country</b>	<b>Exporter/Producer</b>	<b>Dumping Margin</b>
The PRC	Press Metal International Group	22.35%
The PRC	Shandong Nanshan	9.50%
The PRC	Haomei Group	19.93%
The PRC	Non-sampled, cooperating exporters	20.86%
The PRC	Non-cooperating exporters	128.17%

The margin for non-sampled cooperating exporters has been calculated as a weighted average, using the total export volume of the Relevant Goods for each sampled exporter, as well as the dumping margins established.

The margin for all other exporters including non-cooperating exporters has been calculated using the second highest normal value and the lowest export value to establish an amount of dumping. This was then multiplied by the total volume of tonnes exported and divided by the total CIF value. As part of the initial ongoing verification work, it was established that some of the product provided had a high cost per unit which was artificially increasing the normal values recorded. These products are very specialised with low weight, but a disproportionate amount of work involved in producing the final product. Therefore, it was agreed that for the moment these products should be excluded for the purpose of the calculation. The second highest normal value recorded did not seem to contain any such products whereas the highest PCN was made up of a single extrusion which fell under this category and therefore was considered not to represent the majority of products.

These margins have been calculated based on the data submitted to the TRA. Once verification has been completed to assess the completeness, relevance and accuracy of the data these margins may change.



## Section H: Preliminary Findings on Injury

Material injury is the term used when there is evidence of a UK industry being injured by dumped good/s.

To determine whether a UK industry is suffering or has suffered material injury from imports of the Relevant Goods, in line with regulation 30 of the Regulations, the TRA has examined four factors:

- the volume of the dumped goods during the injury period;
- the effect of the imports on prices in the UK market for Like Goods during the injury period;
- the consequent impact of the dumped goods on UK industry during the injury period;
- any other factors we consider relevant.

Trends in injury factors were affected during 2020-21 by extraordinary events that the TRA considered namely:

- the economic impact of COVID;
- inflation of raw material costs;
- the imposition of EU provisional duties in October 2020;
- uncertainty surrounding a trade deal between the UK and the EU;
- the UK's withdrawal from the European Union (EU Exit) causing removal of the EU provisional duties and implementation of new import rules, alongside the shipping crisis.

### H1. The volume of the dumped goods

The TRA has assessed absolute changes in the volume of imports of the Goods Concerned from the PRC, and also analysed import volumes as a percentage of UK domestic production and consumption. Table 5 shows the relative change in volume (indexed).

All three trends show a gradual decrease through the injury period, so in isolation do not show a trend consistent with injury.





**Table 5 – Relative change in imports of Aluminium Extrusions from the PRC in relation to UK consumption and production June 2017 to May 2021, in terms of volume**

	June 2017 – May 2018	June 2018 - May 2019	June 2019 – May 2020	June 2020 – May 2021
Total imports into the UK (indexed)	100	100	86	75
Imports into the UK from the PRC (indexed)	100	84	70	55
Production of UK industry (indexed)	100	93	78	83
The PRC imports relative to UK production (%)	52%	47%	46%	34%
Actual consumption in the UK (indexed)	100	93	89	97
The PRC imports relative to UK consumption (%)	31%	28%	24%	18%

Source: HMRC: <https://www.uktradeinfo.com/> and UK Producer submissions

In October 2020 the UK was going through its transition period with the European Union (EU) and was still subject to Union Law. On 12 October 2020 the EU made a determination imposing a provisional anti-dumping duty on imports of aluminium extrusions originating in the PRC.

The TRA found that import volumes of aluminium extrusions from the PRC decreased in October 2020 when the EU duty was introduced and decreased materially in November 2020 and December 2020. This provisional duty ended for the UK on 31 December 2020 when it exited the EU, and imports immediately returned to similar monthly levels seen prior to imposition of the duty.

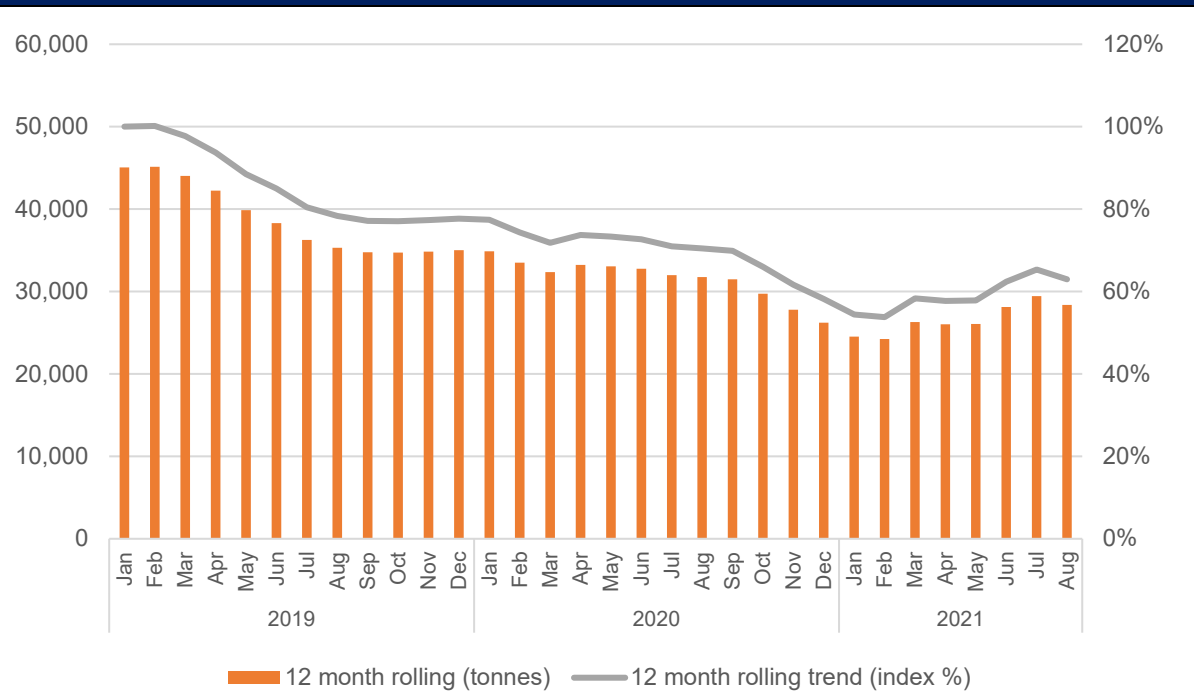
### **H1.1 Threat of increased import volumes from the PRC**

The TRA found that on a rolling 12-month basis, imports of aluminium extrusions from the PRC began to increase from February 2021, despite having been in continual decline throughout the injury period to that point.



This trend is in line with the UK industry claims that a proportion of aluminium extrusion imports are now being diverted to the UK due to EU tariffs. The TRA concluded that this upward trend in import volumes puts the UK under an increased threat of injury.

**Figure 1: Absolute change in volume of imports of aluminium extrusions from the PRC 2019 to 2021 (tonnes)**



Source: HMRC: <https://www.uktradeinfo.com/>

## H2. The effect of the imports on prices in the UK market

Price undercutting is where the imported goods are consistently sold at a price below that of the like goods in the UK. Price depression occurs when the UK Industry is forced to reduce prices to compete with the imported goods. Price suppression occurs where price increases for the UK Industry goods, which otherwise would have occurred, have been prevented to a significant degree due to the price of imported goods.

To establish whether this is happening, the TRA examined pricing trends during the injury period and found indicators of undercutting. When the TRA compared the weighted average price of the dumped goods with the weighted average price of the Like Goods during the injury period, the TRA preliminarily determined there was an average undercutting margin of



41.8%. Trend analysis for all price effects will be incorporated into the SEF and the TRA's final determination.

### H3. Other Factors

As well as assessing volumes and prices of the goods, the TRA has also considered relevant economic factors that may affect the UK industry along with the indices that will reflect it.

#### H3.1 Output and capacity utilisation

Whilst the capacity of UK Industry remained constant during the injury period, output and capacity utilisation significantly reduced during the first three years of the injury period. There was a slight increase in both these factors during the POI, but the TRA has found this was due to uncertainty and disruption to imports during Q4 2020 – Q1 2021 caused by the pandemic, EU tariffs, and EU Exit.

During this period greater value was placed on local supply by downstream consumers, but the effect was short-term. Whilst supply issues benefited UK industry during the POI, the TRA found there has been a slowing down of orders during Q2 2021. The negative trends in these two factors are likely to continue as market conditions normalise.

**Table 6 – Relative change in output, capacity, and capacity utilisation June 2017 to May 2021**

	June 2017 – May 2018	June 2018 - May 2019	June 2019 – May 2020	June 2020 – May 2021
Output of UK industry (indexed)	100	93	78	83
Production Capacity (indexed)	100	100	100	100
Capacity Utilisation (%)	84	75	57	65
Source: UK Producer submissions				



### H3.2 Sales

<b>Table 7 – Sales June 2017 to May 2021</b>				
	<b>June 2017 – May 2018</b>	<b>June 2018 - May 2019</b>	<b>June 2019 – May 2020</b>	<b>June 2020 – May 2021</b>
Sales volume (tonnes – indexed)	100	91	73	79
Sales value (GBP – indexed)	100	102	80	84
Source: UK Producer submissions				

Using sales value to determine injury trends is problematic due to the large fluctuations in costs to manufacture during the injury period. However, viewing sales volume does give an indicator and this trend is similar to production and capacity utilisation where there is a significant reduction during the first three years of the injury period. Again, we found the slight increase in sales volume during the POI was due to uncertainty and disruption to imports caused by the pandemic, EU tariffs, and EU Exit during Q4 2020 – Q1 2021 as explained above.

### H3.3 Productivity

<b>Table 8 – Productivity June 2017 to May 2021 (tonnes/FTE)</b>				
	<b>June 2017 – May 2018</b>	<b>June 2018 - May 2019</b>	<b>June 2019 – May 2020</b>	<b>June 2020 – May 2021</b>
Number of employees (FTE – indexed)	100	101	82	82
Productivity (tonnes/FTE - indexed)	100	88	83	95
Source: UK Producer submissions				

There was a significant drop in employees within the UK Industry from year 2 to year 3 of the injury period that resulted from the closure of two UK fabrication sites, and further consolidation within the industry. Productivity reduced during years 1-3 of the injury period, and then increased during the POI due to the extraordinary factors already mentioned.

A significant factor affecting productivity (and capacity) of aluminium extrusion producers is complexity of extrusions. Easier shapes take up less press hours and tend to be larger jobs



leading to fewer changes of die, all of which leads to greater capacity and productivity. The UK industry reports having lost 'easy-running' jobs to the PRC and has seen the mix of orders move towards more complicated extrusions with smaller order sizes. This has been a contributory factor behind the negative productivity trend seen during the injury period.

#### H4. Conclusions on Injury

The TRA has concluded that the Relevant Goods are being dumped into the UK from the PRC and has considered the impacts on the UK industry. Analysis across the factors in **H3: Other Factors** show that although there were extraordinary circumstances leading to UK industry increases (in sales, productivity, output, and capacity utilisation) during the POI, the UK industry has suffered material injury during the injury period.

The TRA examined other factors that could have injured the UK Industry in addition to dumped imports from the PRC. The PRC had the highest average UK market share of any country at 25% during the injury period. This was significantly higher than the next country which was Spain at 10%, followed by Germany at 9%. Whilst the price of imports from the PRC significantly undercut UK Industry during the injury period as detailed in **Section H2. The effect of the imports on prices in the UK market**, neither Spain nor Germany showed any evidence of undercutting. An average margin for the remaining importing countries also showed no evidence of undercutting. The TRA therefore concluded that any potential negative effect of imports from third countries was negligible and was not a material cause of injury to the UK Industry.

Having considered the other known factors that could be causing the injury, including imports from third countries and raw material costs, the TRA has not found sufficient evidence to break the causal link between the dumped goods from the PRC and the material injury identified.

Given the magnitude of dumping and level of undercutting found on imports from the PRC, and the negative effects evidenced for sales, productivity, and capacity utilisation for the UK Industry, the TRA considers the dumped goods from the PRC to be the cause of injury to the UK Industry.



## H5. Injury Margin

The injury margin is the extent of the injury to UK industry.

The default methodology is to base the estimate of injury margins for each exporter on underselling margins.

This is calculated by comparing a benchmark UK price (the target price) with the import price (the landed price).

The target price is the price that a UK producer would expect to sell its Like Goods at if it were not being affected by the dumped goods.

The TRA has calculated the target price by using the sampled domestic producers' costs of production for the Like Goods, administrative, selling and general (AS&G) costs and applying a normal rate of profit.

The TRA found that one domestic producer as a start-up had high production costs and a low production rate which artificially increased the allocation of costs. For this reason the TRA did not include this domestic producer's data within the calculations.

The landed price is the price of the dumped goods when they arrive at the UK port. It equates to the CIF (Cost, Insurance and Freight) import price plus any relevant import duties and other costs associated with import.

The TRA has calculated the landed price by using the sampled exporters' CIF UK exporter value and adding import duty. Where the CIF value was not provided in GBP, this was converted using Bank of China exchange rates. Where export sales were made to a related importer in the UK an adjustment was made to remove the AS&G costs.

The TRA has preliminarily determined the following injury margins:



<b>Table 9 – Injury Margins</b>		
<b>Country</b>	<b>Exporter/Producer</b>	<b>Injury Margin</b>
The PRC	Press Metal International Group	56.31%
The PRC	Shandong Nanshan	47.26%
The PRC	Haomei Group	93.32%
The PRC	Non-sampled co-operating exporters	59.28%
The PRC	Non co-operating exporters	287.30%

The margin for non-sampled cooperating exporters has been calculated as a weighted average, using the total export volume of the Relevant Goods for each sampled exporter, as well as the injury margins established.

The margin for non-cooperating exporters has been calculated using the highest target price and the lowest import price to establish an amount of underselling. This was then multiplied by the total volume of tonnes and divided by the total CIF value.

These margins have been calculated based on the data submitted to the TRA. Once verification has been completed to assess the completeness, relevance and accuracy of the data these margins may change.

## **Section I: Economic Interest Test**

### **I1. Introduction**

The TRA must be satisfied, in accordance with paragraph 13(4) of schedule 4 to the Act, that any recommendation made by the TRA to the Secretary of State for International Trade (the SoS) to require a guarantee from importers in respect of any additional import duty which would have been applicable, or potentially applicable, to the Relevant Goods if an anti-dumping amount had been applied to the Relevant Goods based on the provisional affirmative determination (PAD) meets the Economic Interest Test (EIT). The test is set out in paragraph 25 of schedule 4 to the Act and is, in accordance with paragraph 25(3) of schedule 4 to the Act, presumed to be met unless the TRA is satisfied that the requirement of the guarantee is not in the economic interest of the UK.



In line with paragraph 25 of schedule 4 to the Act, the TRA has taken account of the following in conducting the EIT:

- the injury caused by the dumping of the goods to a UK industry in the Like Goods and the benefits to that UK industry in removing that injury;
- the economic significance of affected industries and consumers in the UK;
- the likely impact on affected industries and consumers in the UK;
- the likely impact on particular geographic areas, or particular groups, in the UK;
- the likely consequences for the competitive environment, and for the structure of markets for Like Goods, in the UK; and
- such other matters as the TRA considers relevant.

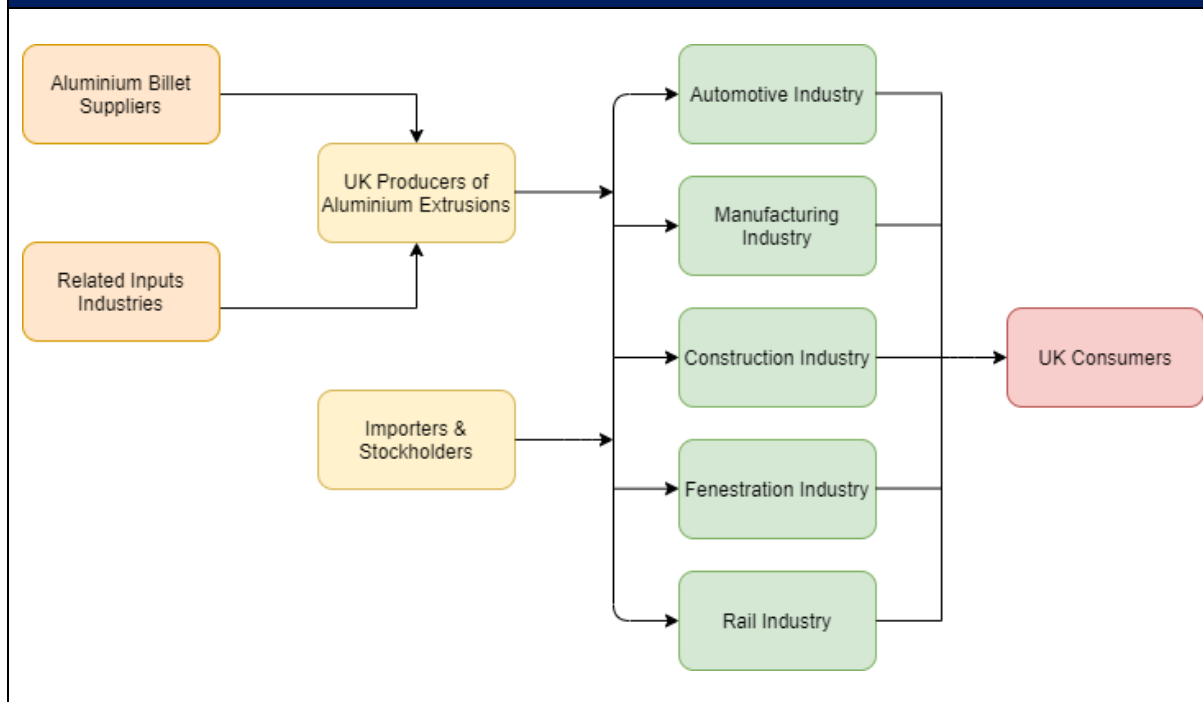
With this being a provisional determination, only the period from the implementation of a guarantee until the final determination will be considered for assessing any impacts. Longer term impacts that may result from the imposition or non-imposition of a final measure will be addressed in the SEF





## 12. Supply Chain

**Figure 2: An overview of the aluminium extrusions supply chain with examples of downstream industries**



Aluminium billets are the main input in the production of aluminium extrusions. In the UK, these are produced by Hydro Aluminium (Deeside) Ltd. Other inputs in the production of aluminium extrusions include electricity, dies and chemicals used in the anodizing process.

There are seven known producers of aluminium extrusions in the UK: Hydro (Birtley, Caerphilly, Cheltenham and Tibshelf), Capalex (Cumbria), BOAL Aluminium (Loughborough), Garnalex (Derbyshire), Exlabesa (Doncaster), Aluminium Shapes (Northamptonshire) and Smart Aluminium (Somerset).

Additionally, there are a number of importers and stockholders within the UK. These companies import aluminium extrusions before distributing them to downstream businesses located in the UK, often without performing any further value-adding services to them.



There are a wide range of downstream industries that purchase aluminium extrusions from both producers and importers for use in further production processes. The downstream industries identified from questionnaire responses include: fenestration, HEVAC (heating, ventilating and air conditioning), building & construction, transportation and automobiles.

Aluminium extrusions are not considered to be a consumer product. Instead, consumers purchase products in which aluminium extrusions were used as an input in the production process.

### **12.1 Evidence Base**

The TRA received the following questionnaire responses which contained information relevant to the EIT:

- One response from upstream industry.
- Four responses from UK producers of aluminium extrusions.
- Two responses from UK importers of aluminium extrusions.
- One response from downstream industry.
- Three additional submissions from interested parties and contributors.

The TRA has supplemented these questionnaire responses with evidence from background research and collated additional information from UK government data sources, as well as recognised market data providers. The TRA has also conducted research relating to parties that have not participated in this review.

The sections that follow assess each of the factors of the EIT in turn.

### **13. Injury caused by dumping and benefits to UK industry in removing injury**

In the injury section, the TRA found that UK producers have been suffering injury as a result of dumped aluminium extrusions from the PRC.

Factors examined include the threat of trade diversion from the EU, where measures on aluminium extrusions remain in place, evidence of which is seen in an uptick in imports from the PRC into the UK since EU Exit and the subsequent removal of these EU measures in the UK. Additionally, the TRA found clear evidence of price undercutting with an average margin of 41.8% during the injury period.



The injury assessment concluded that there would be further injury to UK Industry were a guarantee not introduced. This is due to the threat of continued trade diversion and the likelihood of future price undercutting.

The expected benefits to UK producers, and the impact on the rest of the supply chain, from implementing a guarantee are explored under **Section I5. Likely impact on affected industries and consumers.**

#### **I4. Economic significance of affected industries and consumers in the UK**

This section sets out the relative size and significance of the affected relevant industries and consumers.

The Fraser of Allander Institute (FAI), using Office for National Statistic (ONS) data, reports<sup>31</sup> that the wider aluminium industry directly employs 37,000 people across the UK with the largest share being located in the West Midlands.

The sections below will examine the employment and wider economic significance of the groups within the aluminium industry related to the production of aluminium extrusions.

From the available evidence, five UK groups have been identified as potentially being affected by the measure:

- UK producers of aluminium extrusions;
- upstream industry, including aluminium billet producers;
- importers and stockholders of aluminium extrusions;
- downstream industries;
- consumers.

##### **I4.1 Upstream Industry**

Hydro Aluminium (Deeside) Ltd was the sole respondent from the upstream industry. They produce aluminium billets, which are the main input in the production of aluminium extrusions, undertake recycling of a mix of end-of-life scrap and process scrap, and offer a

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<sup>31</sup> Fraser of Allander Institute - The Aluminium industry in the UK:  
<https://fraserofallander.org/publications/the-aluminium-industry-in-the-uk/>



variety of alloys and diameters for the extrusion industry. They are a direct supplier to the UK producers of aluminium extrusions.

Published financial accounts show Hydro Aluminium (Deeside) Limited employed an average of 46 people and had turnover of £58 million in 2020, with submitted revenue data showing that aluminium billets make up a significant majority of this turnover. The TRA estimates that the Gross Value Added (GVA) of Hydro Aluminium (Deeside) Limited is £3.81 million, with a profit of £0.79 million.

An aluminium smelter located in Lochaber West, Scotland was identified during the investigation. This is believed to be the only one of its kind remaining in the UK that supplies semi-finished aluminium to a wide range of industries. The evidence the TRA has seen suggests that most of the output from this smelter supplies industries unrelated to aluminium extrusions, so a guarantee is not expected to have a significant impact on this particular site.

Additionally, upstream industries producing other inputs (such as energy and chemicals used in the coating process) have not been assessed. As these inputs are used in numerous other supply chains and make up a much smaller share of the production process compared to aluminium billets, they are less likely to be affected.

#### **14.2 UK Producers of Aluminium Extrusions**

Four of the seven known UK producers – Hydro Aluminium, Garnalex, Exlabesa and Aluminium Shapes – submitted questionnaire responses. The following employment figures have been taken from the respective published financial accounts.

Hydro Aluminium is a producer of aluminium extrusions as well as a provider of fabrication services, surface treatment and remelting of scrap aluminium. They have four sites across the UK in Birtley, Caerphilly, Cheltenham and Tibshelf employing an average of 536 people in 2019.

Garnalex (Garner Aluminium Extrusions Limited) is a producer of aluminium extrusion products and of their own aluminium window & door fenestration products. In 2020 they employed an average of 47 people across administration, selling & distribution and production.



Exlabesa Extrusions Ltd are a producer of aluminium alloy profiles and associated added value services such as fabrication, painting and anodising, and employed an average of 53 people in 2020.

Aluminium Shapes Ltd are a producer of aluminium extrusions. They have two extrusion presses and an on-site fabrication facility but finishing takes place via subcontractors. They employed an average of 66 people in 2020.

Evidence submitted by these four producers show that the production of aluminium extrusions make up a significant majority of their sales, with value-adding services such as anodising and fabrication only accounting for a small proportion of their business activities. The Relevant Goods are therefore extremely significant for this particular group.

The TRA estimates that the GVA of these four producers is £34.45 million, and they make a combined profit of £2.56 million.

#### **14.3 Importers of Aluminium Extrusions**

Two UK importers of aluminium extrusions submitted questionnaire responses: 3o Limited and Aalco Metals Limited.

3o Limited provide procurement and supply chain services to its customers. The aluminium extrusion products they purchase from the PRC come from vertically integrated companies which produce aluminium billets and then convert them into aluminium extrusions. Value adding processes such as painting and cutting to length are also carried out on site in the PRC, before being shipped directly to UK customers. 3o Limited does not carry out any work on the materials they import.

Aalco Metals Limited are the largest independent UK stockholder and distributor of aluminium semi-finished products to the UK manufacturing industry. They are an importer of aluminium extrusions from various countries including the PRC. In a similar fashion to 3o Limited, Aalco sell their aluminium extrusions without performing any of their own value-added services on them.

The TRA was only able to estimate a GVA of £46.97 million, with profit of £15.64 million, for Aalco Metals Limited, as the necessary data was not available for 3o Limited.



#### **I4.4 Downstream Industry**

One UK business submitted a downstream questionnaire response. Senior Architectural Systems provide aluminium extrusions for the commercial and domestic fenestration markets, such as the assembly of window profiles. The majority of their extrusions pass through in-house value adding processes, such as thermal enhancement and powder coating. They employed an average of 179 people in 2020.

The total number of downstream businesses is likely to be significantly higher, as only those given in submitted questionnaire responses were able to be identified.

#### **I4.5 Contributors**

Three UK businesses submitted contributor questionnaire responses: ABL Aluminium Components, Sherwood Stainless and Aluminium Limited, and Righton & Blackburn.

However, from the evidence submitted the TRA believe both ABL Aluminium Components and Sherwood Stainless and Aluminium Limited to be part of the downstream industry, as they perform value adding manufacturing services to purchased aluminium extrusions before selling them on to industries further down the supply chain. Therefore, whilst they will be labelled as contributors in this analysis, they will be considered to be part of the downstream.

The TRA estimates that the Gross Value Added (GVA) of the one downstream industry and the two aforementioned contributors is £16.74 million, and they make a combined profit of £4.89 million.

#### **I4.6 Consumers**

Aluminium extrusions are not considered to be a consumer product. They are most often an input into a broad range of production processes in which the final consumers come much further down the supply chain. These products include heating and air conditioning systems, fenestration (window and door) structures and automobiles.



<b>Table 10: Summary table showing economic significance of affected businesses</b>				
	<b>UK Upstream Industries</b>	<b>UK Producers</b>	<b>Importers/ Stockists</b>	<b>Downstream Industries*</b>
Total number of known UK businesses	2	7	At Most 738	At Least 3
Number of questionnaire responses	1	4	2	3
Employment	46	702	783	289
Gross Value Added (GBP, million)	3.81	34.45	46.97	16.74
Profit (GBP, million)	0.79	2.56	15.64	4.89
Sources: Questionnaire Responses, Published Financial Accounts (Companies House), ONS Business Registration and Employment Survey				
These figures refer to business which responded to questionnaires only				
*Downstream Industries include two contributor responses of ABL and Sherwood Stainless and Aluminium Limited				

## 15. Likely impact on affected industries and consumers

This section will examine how prices and quantities of products throughout the supply chain may change in two scenarios: the requirement of a guarantee from importers, and no guarantee. The impact of any changes in prices and quantities on affected industries and consumers will then be assessed.

Due to the limited amount of data, the TRA has not been able to fully quantify these impacts. However, numerous confidential questionnaire responses did provide qualitative and some quantitative information on price increases already seen within the industry. Such responses suggested a combination of EU trade remedy measures, COVID-19 and EU Exit as being drivers of these price increases.



Whilst the TRA notes the impact of such short-term market dynamics, this EIT analysis will focus purely on the potential impacts on price and quantity of the imposition or non-imposition of a guarantee.

### **15.1 Prices and quantities in the event a guarantee is imposed**

The TRA estimates that UK producers currently supply 30-40% of the total domestic consumption of aluminium extrusions, with imports meeting the rest of this demand. Of the total volume of aluminium extrusions imported into the UK during the POI, approximately 25% of these came from the PRC.

Overall consumption of aluminium extrusions is likely to remain stable if a guarantee is imposed, as there was no submitted evidence to suggest there will be a significant change in overall demand in the UK market in the short term. The TRA does not expect demand to decrease significantly as a result of any increase in prices. Aluminium extrusions appear to be a relatively price inelastic input into the production of final products due to their lack of substitutability.

As discussed in the injury assessment, the spare capacity currently held by UK producers could be used to supply the UK market if a guarantee was implemented. The exception to this is the PCNs identified in **Section E7. Goods Concerned not included in the PAD or the recommendation.**

If exporters from the PRC could no longer export to the UK at lower prices, it is likely that all other suppliers will remain competitive without having to lower prices to an uneconomical level. If UK producers were no longer subject to injury, it is likely that the quantities they produce would increase. There is a possibility that UK producers may increase their prices in response to greater demand, however there is no evidence to suggest that such increases, should they occur, would be particularly significant.

Subsequently, if UK producers increase their demand for aluminium billets in order to produce more extrusions, upstream suppliers of billets would also likely increase their output. This increased demand may lead to upstream suppliers increasing their prices.





The combination of overall consumption of aluminium extrusions remaining stable and an increase in output from UK producers would likely result in a reduction of the quantities supplied by importers.

Questionnaire responses indicate that producers of downstream products will pass on any cost increases to their customers. If they choose to pass on any changes in costs, there would be no changes in their profits and their customers would face higher prices of downstream products, leading to a decrease in consumer surplus. Quantities are unlikely to change significantly since the overall consumption is unlikely to change significantly.

Evidence has been submitted highlighting price increases and some supply shortages during the COVID-19 pandemic and since the imposition of the EU measures against aluminium extrusions from the PRC, which were also in place in the UK from 14 October 2020 to 31 December 2020.



**Table 11: Expected impacts on prices and quantities if a guarantee was imposed**

<b>Group</b>	<b>Prices</b>	<b>Quantity</b>
UK Upstream Industries	Increased demand for aluminium billets may push prices up	Increased output to meet greater demand for aluminium billets
UK Aluminium Extrusion Producers	Prevention of further undercutting; possibility of some price increases	Increased output in absence of injury
UK Importers & Stockholders	Increase in prices if they pass on the cost of the guarantee	May decrease as consumption remains stable and UK producers raise their output
UK Downstream Industries	Small increase in prices if they pass on any increased costs, dependent upon proportion of aluminium extrusions used in production process	No significant impact
UK Consumers	Unlikely to have a significant impact, as aluminium extrusions are just one component of finished consumer goods	No significant impact

### 15.2 Prices and quantities in the event a guarantee is not imposed

Based on the evidence submitted, overall consumption of aluminium extrusions in the UK market is unlikely to change in the period during which the guarantee is in place.

The non-imposition of a guarantee would allow the continued exporting of aluminium extrusions from the PRC at lower prices, with UK producers having to continue reducing



their prices to remain competitive. If UK producers continue to suffer injury, it is likely that the quantities they produce would reduce.

If UK producers reduce the quantity of aluminium extrusions they produce, they would demand fewer aluminium billets from upstream suppliers. Additionally, if prices of UK produced aluminium extrusions decrease, upstream suppliers would face pressure to decrease their prices as well.

## **I6. Likely impacts on affected industries & consumers**

### **I6.1 UK Upstream Industries**

If a guarantee is imposed, it is likely upstream industries would benefit from increased demand for aluminium billets from UK producers, driven by increased demand for UK produced aluminium extrusions.

The non-imposition of a guarantee would likely have a negative impact on the upstream industry. Continued injury to UK producers of aluminium extrusions as a result of dumping would likely lead to less output and, in time, potential site closures. This would see less demand for the aluminium billets that the upstream industry produces.

As addressed earlier in this analysis, industries that produce other inputs in the production of aluminium extrusions (such as electricity), as well as the smelter in Lochaber West, serve a vast number of industries other than aluminium extrusions and therefore the TRA does not expect any significant impact on these groups.

### **I6.2 UK Producers of Aluminium Extrusions**

The imposition of a guarantee would prevent further injury to the industry. Given UK producers operate with spare capacity, it is likely they will be able to expand production to cover any decrease in imports that may result from the measure.

The non-imposition of a guarantee would likely have a negative impact on UK producers, as they would be forced to continue to reduce prices and/or output.

### **I6.3 Importers of Aluminium Extrusions**



If a guarantee is required from importers, the impact on them would depend upon their ability to pass on any cost increase to their customers in downstream industries. It is anticipated that costs flowing from the guarantee will be passed on to customers. 3o Limited's questionnaire response states that such increases could be passed on in full through the downstream and on to consumers, which has been their experience when freight costs have increased previously. In this case, the impact on importers of the measures would be negligible.

If a guarantee is not required, it is unlikely that importers would be impacted as the circumstances for them would not change.

#### **16.4 UK Downstream Industries**

If a guarantee is required from importers, downstream industries could face higher input costs. The extent to which this will impact them depends on a multitude of factors including, but not limited to, price elasticities, profit margins, the proportion of their production costs which are made up by aluminium extrusions and their ability to switch between suppliers of aluminium extrusions.

Questionnaire responses from downstream industries and contributors that the TRA believe to be part of the downstream state they have already increased prices as a result of the EU measures that were in place between 14 October 2020 to 31 December 2020, and they anticipate further increases should their costs continue to rise.

Concerns from downstream industry include their view that UK producers do not possess the available capacity to meet any extra demand, and that this will lead to increased lead times and higher prices if supply cannot keep up to compensate for any drop-off in imports.

However, the evidence the TRA has seen suggests that UK producers do possess significant extra capacity that can be utilised. The TRA does, however, acknowledge that market dynamics as a result of EU Exit and the COVID-19 pandemic may cause temporary supply chain issues.

If a guarantee was not imposed, it is unlikely that downstream industries would be impacted as the circumstances for them would not change.

#### **16.5 Consumers**



It is possible that any price increases as a result of the imposition of a guarantee may be passed on to final consumers of downstream products.

However, aluminium extrusions are just one input of products such as air conditioning units, windows and automobiles. The impact of a guarantee is therefore highly dependent upon the composition of the final product and the percentage in which aluminium extrusion costs contribute towards prices that consumers are charged. Additionally, these products tend to be relatively price inelastic and therefore consumption of them is unlikely to decrease should prices rise.

**Table 12: Expected impacts on affected groups if a guarantee was imposed**

<b>Group</b>	<b>Expected Impacts</b>
UK Upstream Industries	Positive impact - likely increased demand for aluminium billets from UK producers
UK Aluminium Extrusion Producers	Significant positive impact - prevention of injury
UK Importers & Stockholders	Negligible - costs can likely be passed on to downstream customers
UK Downstream Industries	Potential small negative impact - costs of production may rise, but can be passed on to consumers
UK Consumers	May be small increases in the price of finished goods, but may affect a large number of consumers

## **17. Likely impact on particular geographic areas, or particular groups in the UK**

The previous section assessed the overall impacts of the requirement of a guarantee. This section looks at how these impacts are distributed. The TRA considers how impacts are likely to be distributed by geography and whether any particular groups might be disproportionately impacted.

Where information was available, the TRA considered key economic indicators and wider evidence for locations of different elements of the supply chain.



## 17.1 Likely impact on particular areas

The TRA considered the following geographic areas where UK producers, importers, upstream and downstream industries exist, as identified through questionnaire responses as well as some firms identified through the investigation:

### Upstream:

- Alvanca in Lochaber West.
- Hydro Deeside Limited in Deeside.

### Producers:

- Garner Aluminium Extrusions Limited in Belper.
- Hydro Aluminium in Birtley, Bedwas (Caerphilly), Cheltenham and Tibshelf (Bolsover).
- Smart Aluminium in Bristol.
- Aluminium Shapes in Corby.
- Capalex in Cleator Moor.
- Exlabesa in Doncaster.
- BOAL Aluminium in Loughborough.

### Importers:

- 3o Limited in Bromley
- Aalco Metals Limited in Sandwell

### Downstream:

- Senior Architectural Systems in Doncaster.

### Contributors:

- ABL Aluminium Components, Righton & Blackburn in Sandwell.
- Sherwood Stainless and Aluminium Limited in Wolverhampton.



**Figure 3: Distribution of Affected Industries in the United Kingdom**

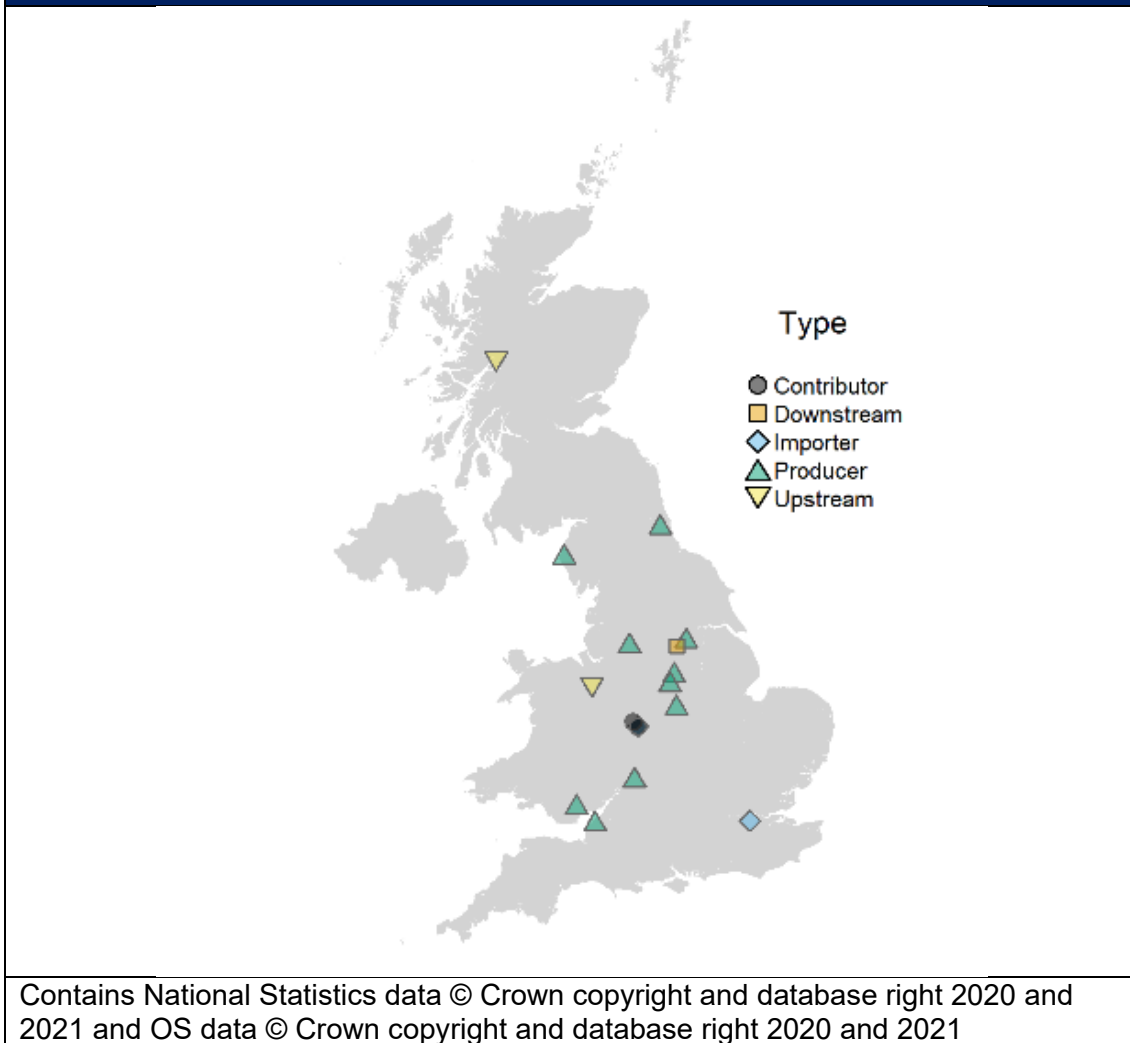


Figure 3 shows the distribution of stakeholders across the United Kingdom, covering producers, upstream & downstream industries as well as importers and contributors. The stakeholders included in this map are limited to those identified during the course of the investigation and therefore do not constitute a complete picture of the entire aluminium extrusion and related industries within the United Kingdom.

There appears to be a notable concentration of affected industries in the Midlands region. Additionally, there are three production sites located around the River Severn area of South Wales and South-West England.



The TRA examined the significance of affected industries for employment in the relevant Local Authority Districts (LADs) by examining the employment of affected industries as a proportion of total employment in each LAD. Where the number of employees in affected industries was not disclosed in questionnaire responses, these have been estimated using data from the ONS Business Registration and Employment Survey.

There would be a limited impact in the aforementioned LADs, as the employment of affected industries relative to the total employment of each LAD is small (less than 1%).

Although it is less than 1%, Bolsover (where the production site of Tibshelf sits) exhibits a relatively high proportion of employment attributable to producers when compared to other areas. As employment of this group is directly related to the production of aluminium extrusions, the TRA believes there could be a significant impact in this LAD.

**Table 13: Labour Market Statistics of Significantly Affected Local Authority Districts**

Local Authority District	Economic Inactivity (%)	Job Density	Gross annual pay for full-time workers (Median, GBP)	Proportion with no formal qualifications (%)
Bolsover	27.7%	0.64	22,398	9.7%
<b>Great Britain</b>	<b>20.9%</b>	<b>0.87</b>	<b>25,909</b>	<b>6.4%</b>

Sources: ONS Business Registration and Employment Survey, ONS Annual Population Survey, ONS Jobs Density Survey, ONS Annual Survey of Hours and Earnings, LAESI Database

Job density is the level of jobs per resident aged 16-64, with a density of 1.0 signifying there is one job for every resident aged 16-64.

Table 13 contains labour market statistics for Bolsover, with benchmark figures included for Great Britain as a whole. A range of indicators were taken into consideration when assessing the likely impacts on different geographic areas. The indicators included in the table were selected as being the most relevant to assess economic activity and highlight regional differences in income and employment opportunities.





Bolsover has a substantially higher level of economic inactivity, a lower job density and lower annual gross wages than the national average. The lower job density means there are fewer jobs available in this area so it is likely that, should people be made unemployed, they may find it more difficult to find new employment. Additionally, Bolsover has a proportion of people with no formal qualifications that is greater than the national average. The potential negative impact on this area from the loss of affected industries may be stronger as result of this.

Questionnaire responses received from producers of aluminium extrusions suggest the non-imposition of a guarantee would result in continued injury, leading to a reduction in output and subsequently employment in areas that are already considered to be economically disadvantaged.

Additionally, these responses indicate that future investment plans, and consequently the expansion of employment opportunities, could be at risk. A reduction in both current and prospective employment could create a negative multiplier effect in geographical areas, some of which are already considered to be economically disadvantaged.

Although the proportion of the employment of Bolsover attributable to aluminium extrusion producers is less than 1%, the combination of the loss of this industry in an area that would be considered economically disadvantaged would be significant.

As noted in the earlier significance sections, it is likely that trade remedy measures on aluminium extrusions may have a smaller proportional impact on downstream industries than it will on the upstream and producers. Upstream suppliers of aluminium billets and producers of aluminium extrusions are more exposed to any changes given it makes up the majority of their business, and thus impacts will likely be harder felt in comparison to downstream industries who may have more diverse operations.

## **17.2 Likely impact on particular groups**

The TRA considered the likely impact on particular groups including those with protected characteristics as defined by the [Equality Act 2010](#).

No evidence was provided with respect to potential impacts on any particular groups, either as workers or consumers. Aluminium extrusions have a broad range of applications, and



they are not sold directly to final consumers who are far down the supply chain, which makes it unlikely for them to be affected.

Therefore, there are no obvious impacts on protected or other groups which might result from the implementation or non-implementation of the measures.

## **18. Likely consequences for the competitive environment, and for the structure of the market, in the UK**

The assessment of the likely consequences for the competitive environment and structure of the UK market considers four areas:

- The impact on the number or range of suppliers.
- The impact on the ability of suppliers to compete.
- The impact on the incentives to compete vigorously.
- The impact on the choices and information available to consumers.

### **18.1 Background**

Of the seven known UK producers of aluminium extrusions, four returned questionnaire responses. For the Goods Concerned, there are a range of suppliers from the PRC and the rest of the world importing into the UK. The TRA has estimated market shares using sales volume data from the sampled UK producers alongside import data covering imports of the Goods Concerned.

Transactional data submitted in questionnaire responses indicate that UK producers make up approximately 30-40% of the total UK market, as measured by sales as a proportion of total domestic consumption. Corresponding import data from HMRC shows imports fulfilling the remaining 60-70% of total domestic consumption, with the PRC taking up a much greater market share than all other nations and all but one UK producer.

Based upon this data, a Herfindahl-Hirschman Index (HHI) can be estimated for the period of investigation (POI), giving an indication of the concentration of the aluminium extrusions



market<sup>32</sup>. A HHI over 1000 would indicate a concentrated industry, whilst an index in excess of 2000 would constitute a highly concentrated market.<sup>33</sup>

The TRA estimates a HHI of just over 1000 for the UK aluminium extrusions market during the POI, which meets the threshold for it to be considered a concentrated market. However, this estimation is only one indicator of the competitive nature of a market and should be considered alongside other factors.

Various questionnaire responses from UK producers and downstream industries highlight the lack of substitute goods for aluminium extrusions. Products such as steel and plastics do not possess the same thermal, strength and lightweight properties of aluminium and therefore are not considered to be close substitutes. This lack of substitutability suggests demand for aluminium extrusions is relatively price inelastic.

Aluminium extrusion production facilities require expensive equipment, such as presses, as well as experienced labour to operate the machinery. This high degree of capital and human investment shows that the aluminium extrusions industry exhibits high barriers to entry, which would limit the ability of new producers to enter the market.

## **18.2 Impact on the number or range of suppliers**

If a guarantee were to be required from importers it is likely UK producers would face reduced competition as the cost of importing aluminium extrusions from the PRC would increase.

One producer put forward the view that a guarantee would level the playing field and allow UK producers to meet any extra demand from a fall in imports. This would be dependent upon the spare capacity of current UK producers, as an increase in new UK producers is unlikely during the period in which a guarantee will be in place due to high barriers to entry into the market.

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<sup>32</sup> This is done by taking the sum of the squares of market shares of each UK and overseas producer that supplies to the UK market.

<sup>33</sup> Competition Commission - Guidelines for market investigations: their role, procedures, assessment and remedies, Page 88



The non-imposition of a guarantee would be unlikely to change the number or range of suppliers in the short term, although in the longer run, should a final measure not be imposed, some UK suppliers may leave the market if they continue to suffer the injury that they are currently experiencing.

### **18.3 Impact on the ability of suppliers to compete**

Requiring a guarantee from importers would bring the price of Chinese imports in line with those from elsewhere, reducing the ability of Chinese suppliers to influence the price of aluminium extrusions.

The removal of price undercutting would increase the ability of UK suppliers to compete in the absence of further injury.

### **18.4 Impact on the incentives to compete vigorously**

Some questionnaire responses from affected industries suggested that the incentive to compete will be reduced should a guarantee be introduced.

However, a guarantee would likely bring the price of Chinese imports in line with those from elsewhere. Should this result in a reduction of the quantity of imports from the PRC, UK producers would still need to compete in terms of price, quality and customer service with each other and imports from elsewhere to pick up any vacated market share.

### **18.5 Impact on the choices and information available to consumers**

There is limited evidence to suggest that choices and information available to customers would be negatively impacted with the implementation of a guarantee. Downstream customers will still be able to choose between UK produced and imported aluminium extrusions, and those larger profile extrusions which are not able to be produced in the UK will not be included in the recommendation of a guarantee (see **Section E7. Goods Concerned not included in the PAD or the recommendation**). As aluminium extrusions are just one input into a wide range of production processes, consumers are unlikely to see a significant change to final products in terms of availability or prices.



## **I9. Such other matters as the TRA considers relevant**

As part of the EIT assessment, the TRA can consider any other factors that may be relevant in concluding whether the proposed trade remedy measure is in the economic interest of the UK.

Some questionnaire responses from producers highlighted the threat of further injury from trade diversion of Chinese aluminium extrusions from the EU, where measures remain in place, to the UK. The TRA acknowledges this, and import data from HMRC does show an increase in imports of aluminium extrusions from the PRC since the removal of the measures on 31 December 2020 following EU Exit as discussed in the injury section.

## **I10. Conclusions**

In accordance with paragraph 25 of Schedule 4 to the Act, the Economic Interest Test is met in relation to the requirement of a guarantee if the application of the remedy is in the economic interest of the UK. This test is presumed to be met unless the TRA is satisfied that the application of the remedy is not in the economic interest of the UK.

As described in previous sections, the TRA determined that UK producers have been suffering injury as a result of dumped aluminium extrusions from the PRC. The injury assessment concluded that there would be further injury to UK industry were a guarantee not recommended. In Section I, the TRA has tested whether imposing this measure would be in the economic interest of the UK.

In the impacts section, the TRA found that requiring a guarantee is likely to prevent further injury to UK producers, with a likely subsequent expansion of output for producers and the upstream industry. In contrast, not requiring a guarantee would allow for the continued dumping of aluminium extrusions and subsequently further injury to UK producers who directly employ over 700 people, some of which are located in areas considered to be economically deprived. Based on the evidence available, the TRA determined that cost increases for downstream industries would be able to be passed on through the supply chain and to final consumers. As aluminium extrusions are just one input into a variety of production processes, the TRA does not believe any such price rises will be particularly significant to consumers.



In the competition section, the TRA determined that the aluminium extrusions market passes the threshold to be considered a concentrated market. A guarantee would bring the price of Chinese imports closer to those from elsewhere, increasing the ability of UK producers to compete in the absence of injury. Whilst some downstream industries expressed concerns that a guarantee would dampen the incentive of UK producers to compete, any vacated market share would be contested between both UK producers and imports from third countries.

Under the presumption that the Economic Interest Test is met and, having considered the evidence submitted by each of the interested parties and all of the factors listed in the legislation, we conclude that the Economic Interest Test is met for the proposed requirement of a guarantee.

## **Section J: Preliminary findings and recommendation of a guarantee**

The TRA has determined, in accordance with paragraph 11(1) of Schedule 4 to the Act, that the Relevant Goods have been or are being dumped in the United Kingdom and the dumping of the Relevant Goods has caused or is causing injury to a UK industry in those goods. The TRA has determined that the Economic Interest Test is met for the recommendation that a guarantee be required.

The TRA has compared the margins that have been calculated. In line with legislation to set duties which are at a sufficient level to remove the injury to the UK industry, the TRA recommends the lower of the two margins as the level of duty.

**Section E2. The** sets out the commodity codes to which the rates will apply.



**Table 14 – Level of Duty**

<b>Country</b>	<b>Exporter/Producer</b>	<b>Dumping Margin</b>	<b>Injury Margin</b>	<b>Level of Duty</b>
The PRC	Press Metal International Group	22.35%	56.31%	22.35%
The PRC	Shandong Nanshan	9.50%	47.26%	9.50%
The PRC	Haomei Group	19.93%	93.32%	19.93%
The PRC	Non-sampled, co-operating exporters	20.86%	59.28%	20.86%
The PRC	Non co-operating exporters	128.17%	287.30%	128.17%

In line with paragraph 13(3) of Schedule 4 to the Act, the TRA recommends to the Secretary of State for International Trade (SoS) that all importers of the Relevant Goods should be required to give a guarantee in respect of an estimated anti-dumping amount.

The TRA is satisfied that, in accordance with paragraph 13(4) of Schedule 4 to the Act, this provisional remedy is necessary to prevent injury being caused during the investigation to the UK industry of Like Goods.

The TRA recommends that the guarantee takes the form of a bank guarantee.

Affected importers will be notified that they need to set up the guarantee when first importing the Relevant Goods into the UK. A guarantee will be required during the period of the provisional remedy. The provisional remedy will end in 6 months; or when a definitive remedy is implemented, whichever is the sooner.



## Annex A: Summary of information received from interested parties

The table below lists the information submitted to the TRA by interested parties to date and the extent to which information submitted has been considered by the TRA in reaching its decisions on the provisional affirmative determination and recommendation (dependent on whether the party has been sampled).

**Table 15: Summary of information received from interested parties**

	<b>Interested Party</b>	<b>Information Received</b>	<b>Status</b>
1.	Hydro Aluminium UK Ltd	Questionnaire response	Sampled
2.	Exlabesa Extrusions (Doncaster) Ltd	Questionnaire response	Sampled
3.	Garner Aluminium Extrusions Ltd	Questionnaire response	Sampled
4.	Aluminium Shapes Ltd	Questionnaire response	Sampled
5.	The Press Metal Group of Companies	Questionnaire response	Sampled
6.	Shandong Nanshan Aluminium Co. Ltd	Questionnaire response	Sampled
7.	The Haomei Group	Questionnaire response	Sampled
8.	JMA	Questionnaire response	Non-sampled
9.	Aalco Metals Limited	Questionnaire response	Sampled
10.	3o Limited	Questionnaire response	Sampled
11.	Senior Architectural Systems Ltd	Questionnaire response	Sampled
12.	Righton & Blackburn Limited	Questionnaire response	Sampled
13.	ABL (Aluminium Components) Ltd	Questionnaire response	Sampled
14.	Sherwood Stainless and Aluminium Ltd	Questionnaire response	Sampled
15.	Hydro Aluminium Teeside Ltd	Questionnaire response	Sampled





## Annex B: PCNs identified as excluded from the PAD and the recommendation

Aluminium extrusions excluded from the PAD and recommendation are those which have a maximum cross-sectional dimension greater than 310mm. The table below lists PCN that were identified during our investigation as matching this description which will therefore be excluded from the PAD and the recommendation. Please note, this list is not exhaustive.

Table 16: Excluded PCNs			
CH6L2LNN	CH6M5LAY	CS6M2LAY	CS6S5LAY
CH6L2LNY	CH6S2LAN	CS6M2LNN	CS6S5LNN
CH6L2LPN	CH6S2LAY	CS6M2LNY	CS6S5LNY
CH6L2LPY	CH6S2LNN	CS6M2LON	SB6M2LNNN
CH6L3LNN	CH6S2LNY	CS6M2LOY	SB6M3LNNN
CH6L3LNY	CH6S2LOY	CS6M2LPN	SB6M4LNNN
CH6L3LPN	CH6S2LPN	CS6M2LPY	SB6M5LNNN
CH6L4LNN	CH6S2LPY	CS6M3LAN	SO6M3LNN
CH6M1LPN	CH6S3LAN	CS6M3LAY	SP6L2LNN
CH6M2LAN	CH6S3LAY	CS6M3LNN	SP6M2LNN
CH6M2LAY	CH6S3LNN	CS6M3LPN	SP6M2LPN
CH6M2LNN	CH6S3LNY	CS6M4LNN	SP6M3LNN
CH6M2LNY	CH6S4LAY	CS6M5LNN	SP6M3LPN
CH6M2LON	CH6S4LNY	CS6M5LNY	SP6M5LNY
CH6M2LOY	CH6S5LAY	CS6S2LAN	SP6S2LNY
CH6M2LPN	CH6S5LNN	CS6S2LAY	SS6L2LNN
CH6M2LPY	CH6S5LNY	CS6S2LNN	SS6L3LNN
CH6M3LAN	CH7S2LNY	CS6S2LNY	SS6L4LNN
CH6M3LAY	CP6L2LNN	CS6S2LON	SS6L5LNN
CH6M3LNN	CP6M2LNN	CS6S2LPN	SS6M2LAN
CH6M3LNY	CP6M4LNN	CS6S2LPY	SS6M2LNN
CH6M3LOY	CP6S2LNY	CS6S3LAN	SS6M2LPN



CH6M3LPN	CS6L2LNN	CS6S3LAN	SS6M3LNN
CH6M3LPY	CS6L3LNN	CS6S3LAY	SS6M4LNN
CH6M4LAY	CS6L5LNN	CS6S3LNY	SS6M5LNN
CH6M4LNN	CS6M1LNN	CS6S3LON	SS6S2LNY
CH6M4LPN	CS6M1LPN	CS6S4LNY	
CH6M5LAN	CS6M2LAN	CS6S4LPY	