

PUBLIC VERSION

Certain Aluminum Foil from China

Domestic Industry Presentation by
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Prepared by Georgetown Economic Services, LLC

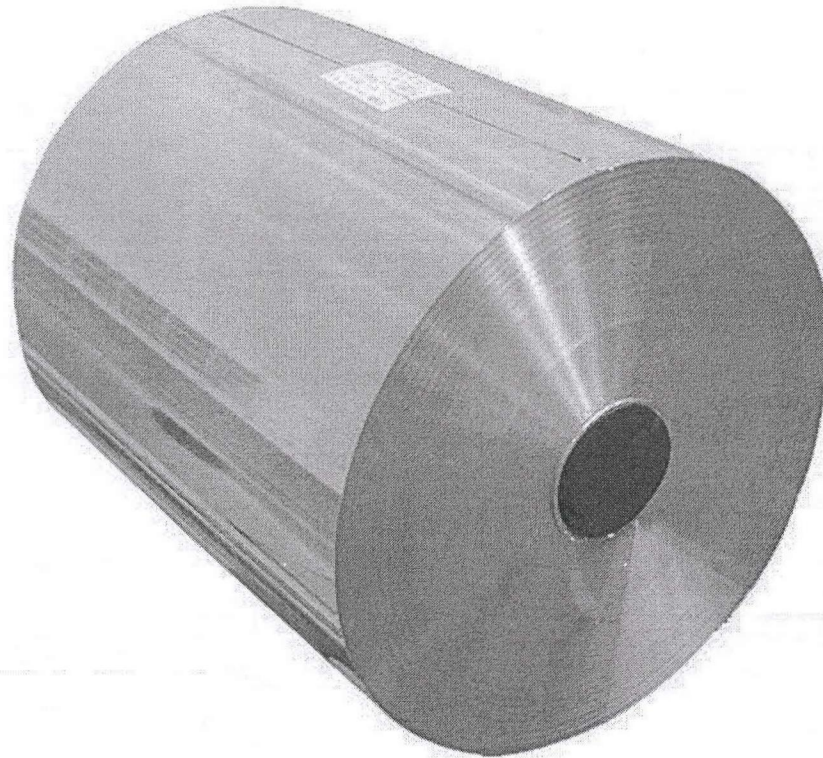
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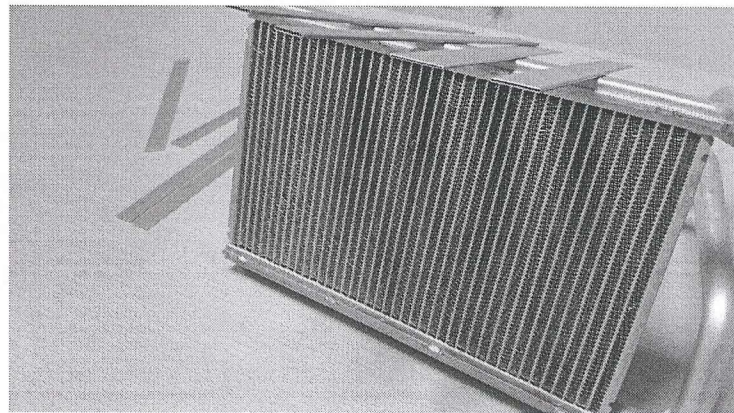
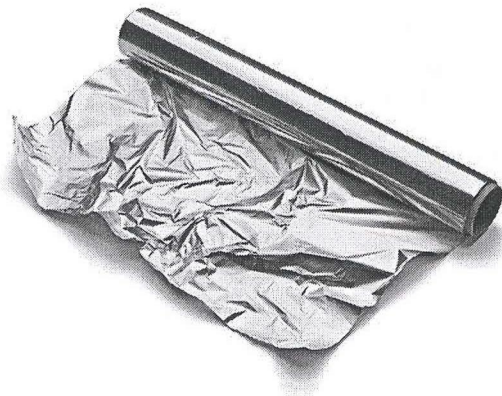
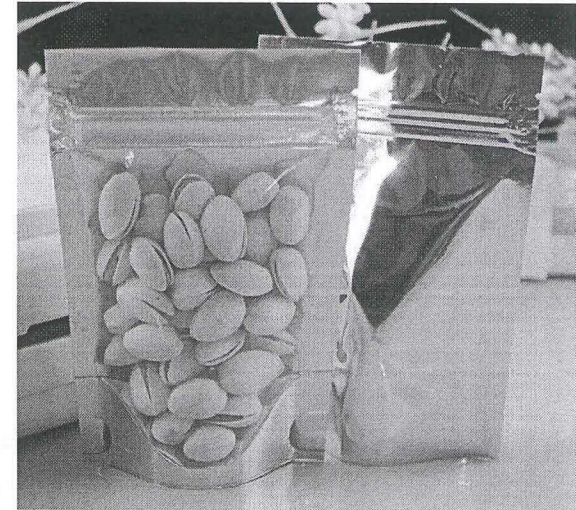
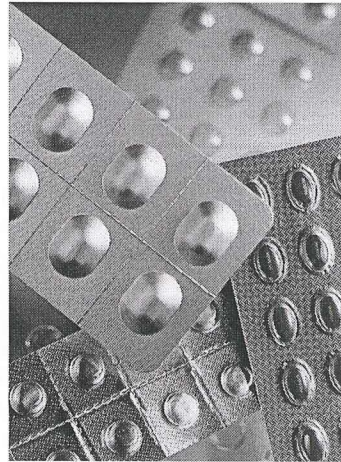
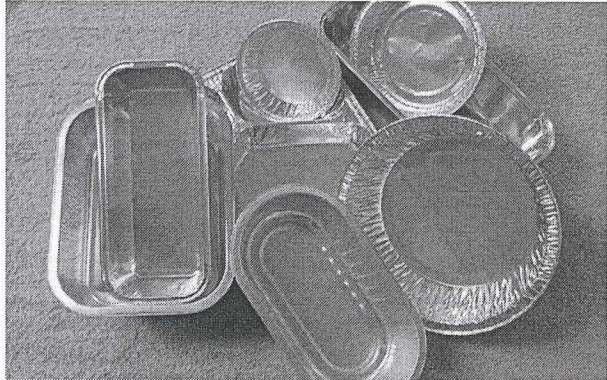
The Domestic Like Product Is Co-Extensive With the Scope of this Case

- The scope includes aluminum foil having a thickness of 0.2 mm or less, in reels exceeding 25 pounds, regardless of width.
- Aluminum foil comprises a product continuum of varying gauges, widths, alloys, and tempers.
- All six like product factors support the finding of a single like product.

The Domestic Like Product Consists of Aluminum Foil In Reels (Jumbo Rolls)



Aluminum Foil In Reels Is Used in a Variety of End Use Applications



The Commission Should Define a Single Like Product

“Ultra-Thin” Gauge

- Shares same physical characteristics and properties as many thicker aluminum foils
- Produced in same facilities, on same equipment, and by same employees as other aluminum foil
- Generally similar channels of distribution as other aluminum foil

“Certain Fin Stock”

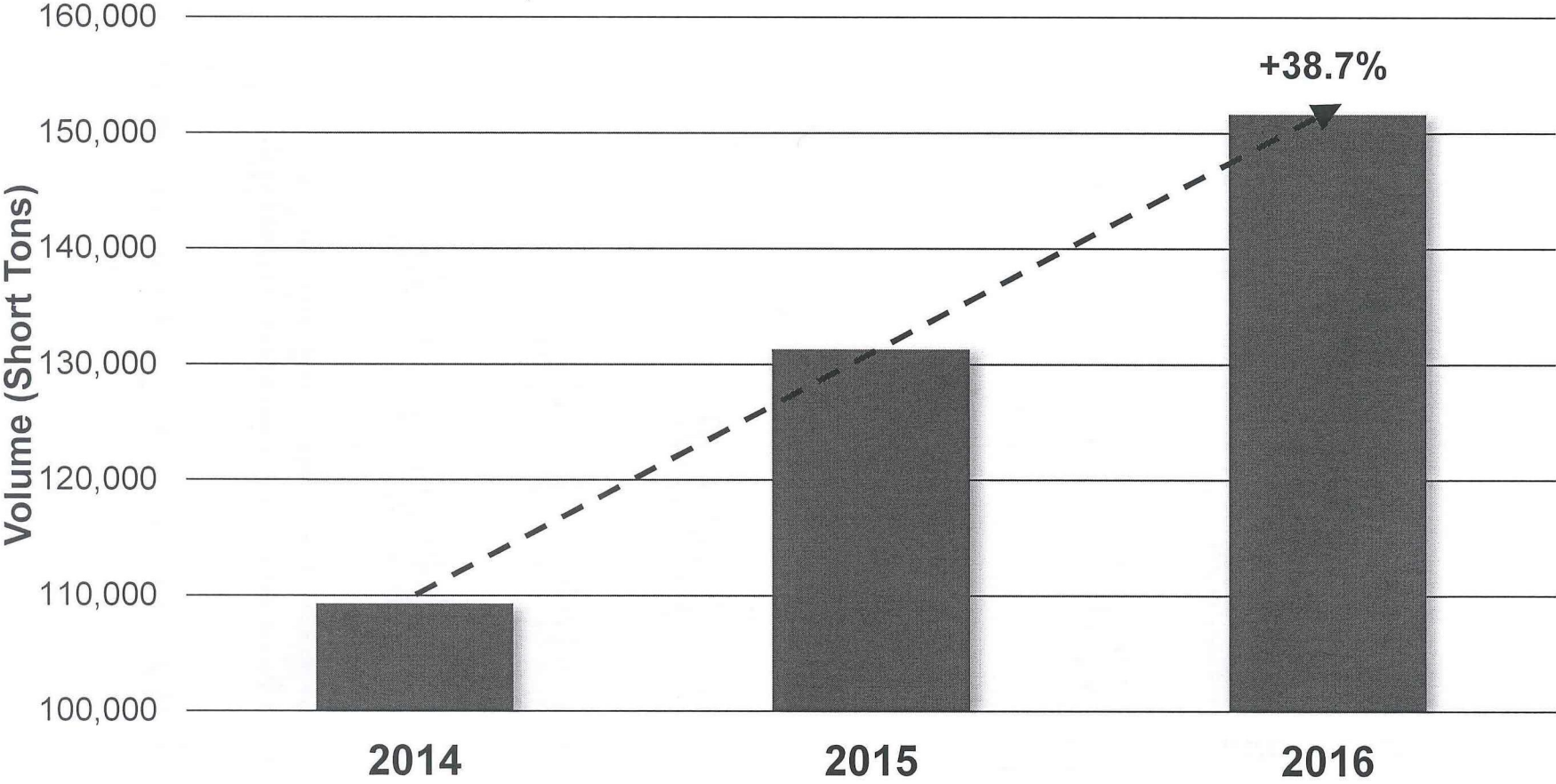
- Respondents’ arguments limited to “certain fin stock” used in automotive applications
- No clear dividing line between “certain fin stock” used in automotive applications and other fin stock
- Manufactured from 1XXX- and 3XXX- series alloys that overlap with alloys used in producing other aluminum foil
- Produced in same facilities by same employees as other aluminum foil

The Commission Should Define a Single Like Product *(continued)*

Small Reels (Under 25 Pounds)

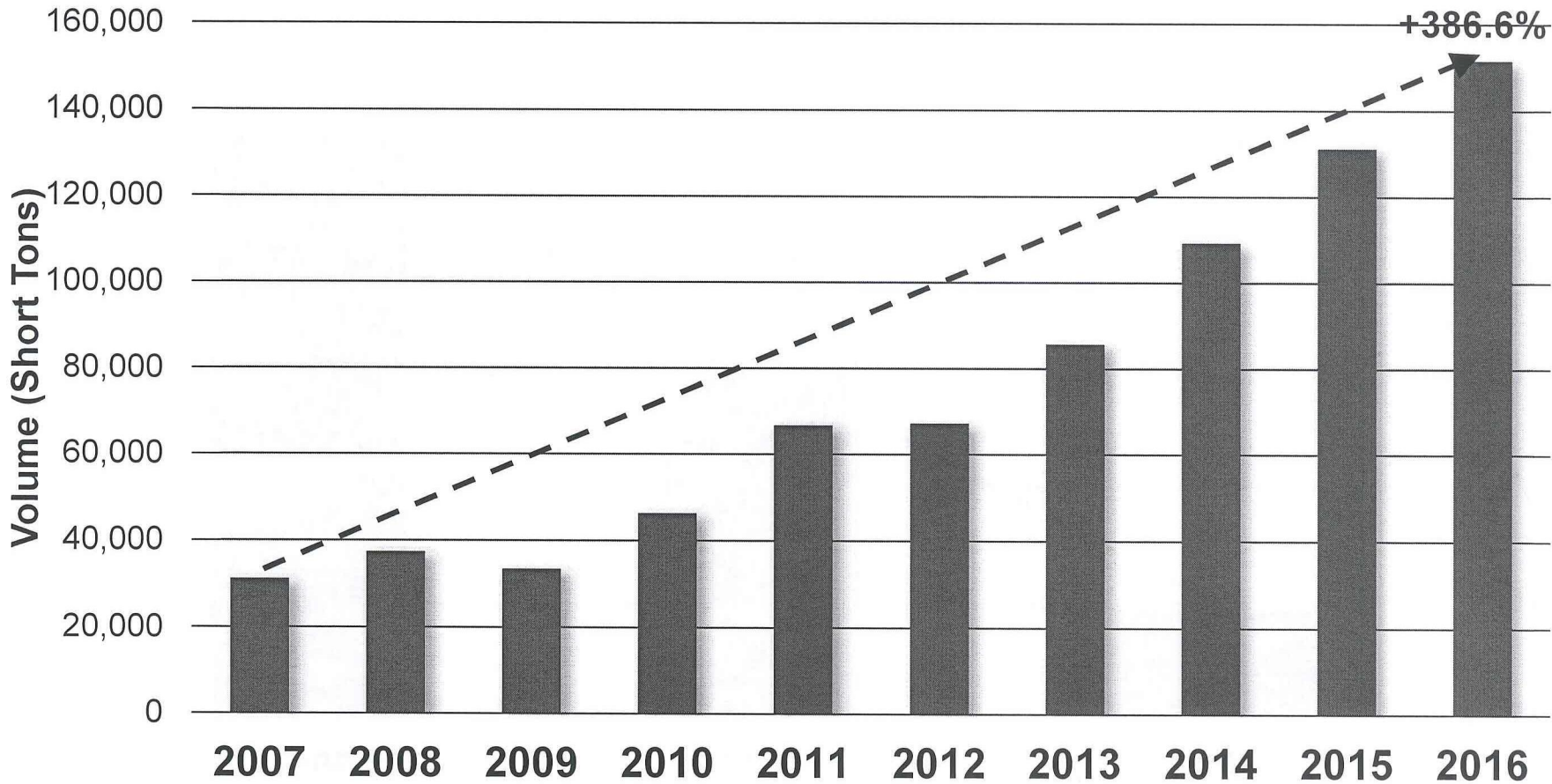
- Different physical characteristics and uses (intermediate product vs. finished product)
- Different manufacturing facilities, production processes, and employees
- Different channels of distribution and producer/customer perceptions

Chinese Import Volumes are Large and Increasing



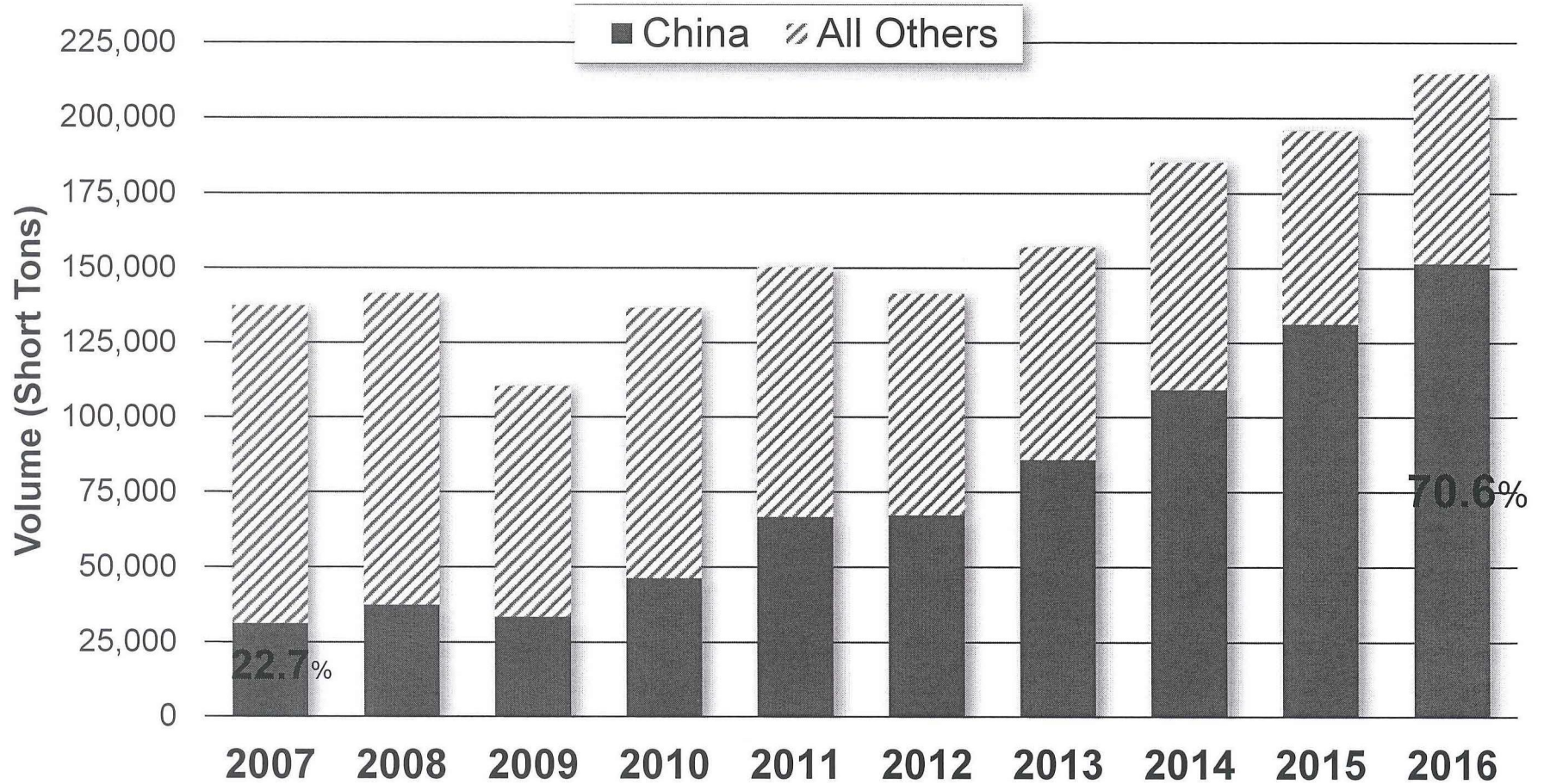
Source: ITC Prehrg. Rep. at IV-4 (Table IV-2).

Chinese Import Volumes Have Surged Over the Past Decade



Source: Official Department of Commerce Import Statistics.

Imports from China Accounted for a Significant and Increasing Share of U.S. Total Imports from 2007 to 2016



Source: Official Department of Commerce Import Statistics.

Chinese Imports Captured an Increasing Share of the U.S. Market Throughout the POI



Source: ITC Prehrg. Rep. at C-5.

U.S. Producers' Market Share Declined Throughout the POI



Source: ITC Prehrg. Rep. at C-5.

Imports from China Grew at a Far Faster Pace Than U.S. Apparent Consumption from 2014 to 2016



Source: ITC Prehrg. Rep. at C-3, C-5.

Based on Direct and Indirect Sales, Subject Imports Undersold the U.S. Product in the Majority of Quarterly Comparisons as Well as the Vast Majority Based on Volume



Source: ITC Prehrg. Rep. at V-9 to V-16, V-27.

The Vast Majority of U.S. Purchasers Reported that Chinese Imports Were Lower Priced

Number of purchasers having purchased aluminum foil from China instead of domestic aluminum foil	Number of purchasers reporting that imports were lower priced	Percent purchasers reporting that price was lower
35	29	83%

Source: ITC Prehrg. Rep. at V-31.

U.S. Producers' Prices Fell Precipitously From 1Q 2014 to 4Q 2016 in All But One of the Pricing Products



Source: ITC Prehrg. Staff Rep. at V-9 to V-16 and Revised U.S. Prod. QRs at IV-2.

The Injury Experienced During the POI is a Continuation of a Trend That Started Over a Decade Ago

2007 - 2013

- Reynolds closed its light gauge operations in Richmond, VA resulting in a reduction of 60 million pounds of capacity (2007)
- Novelis closed light gauge operations in Louisville, KY due to poor profitability from competition with low-priced imports from China (2008)
- Reynolds closed its remaining Richmond, VA operations, resulting in the loss of an additional 100 million pounds of capacity and 725 jobs (2009)
- JW reduced its mill capacities in St. Louis, MO and Williamsport, PA by nearly 20 percent, resulting in job losses (2013)
- Noranda (Granges) forced to lay off one third of its Salisbury, NC light-gauge production workforce (2013)

Source: Pet. Prehrg. Brf. At 18.

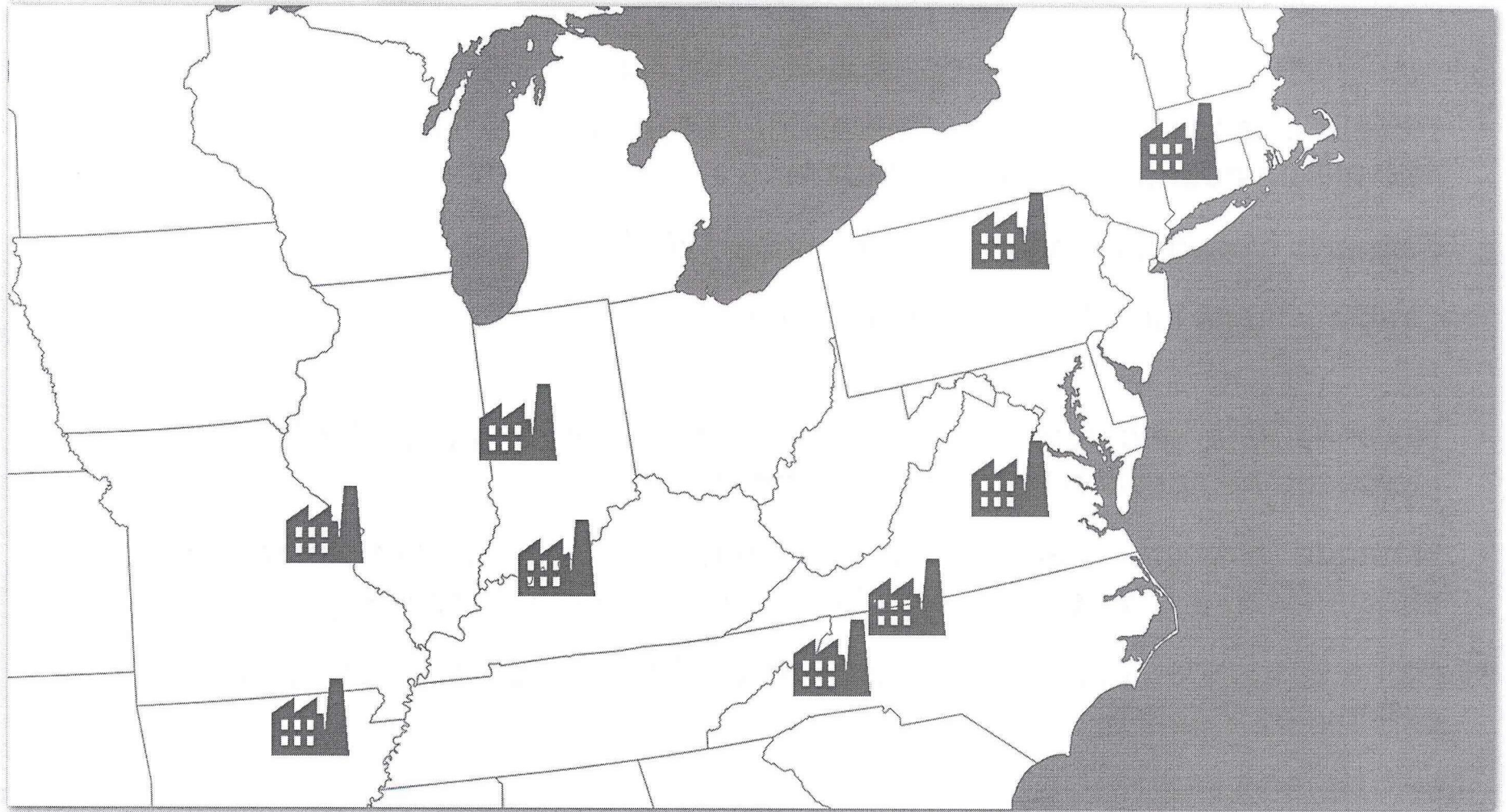
The Domestic Industry Experienced Significant Declines in Production Capacity and Employment During the POI

2014 - 2016

- Novelis closed its light gauge operations in Terre Haute, IN, resulting in the loss of 100 million pounds of capacity (2014)
- Republic closed its production operations (2015)
- Oracle sold its foil rolling assets to Aluminum Source [] (2015)
- Noranda (Granges) forced to lay off 70 percent of its Newport, AR facility due to increased competition from Chinese imports (2015)
- Noranda (Granges) filed for bankruptcy and the Department of Labor certified affected workers were eligible for Trade Adjustment Assistance (2016)
- Alpha suspended production at its Winston-Salem, NC operations and laid off 100 employees (2016)

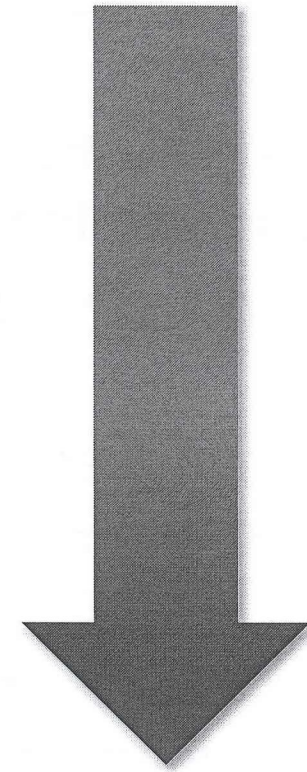
Source: Pet. Prehrg. Brf. At 18-19.

Closures of Domestic Aluminum Foil Production Facilities, 2007 to 2016



Domestic Industry Trade Indicators Declined Substantially from 2014 to 2016

- Capacity
- Production
- Capacity Utilization
- Domestic Shipment Volume
- Domestic Shipment Value
- Market Share
- Production and Related Workers



Source: Domestic Producer QRs.

The Domestic Industry Has Suffered Financial Injury Throughout the POI

- Net sales value on merchant market sales dropped by [] percent.
- The domestic industry's net and operating income were abysmal throughout the POI.
- The industry's operating profit to sales ratios ranged between []
- The net operating profit to sales ratios were even worse for each year of the POI: [] percent in 2016, [] percent in 2015, [] percent in 2016, and [] percent in interim 2017.
- Poor financial results over multiple years prevented the domestic industry from making much needed capital investments.

Source: ITC Prehrg. Rep. at VI-9.

Chinese Imports' Market Share Displaced U.S. Producers' Share



Source: ITC Prehrg. Rep. at C-5.

Non-Subject Imports Are Not the Cause of Lost U.S. Market Share



Source: ITC Prehrg. Rep. at C-5.

Chinese Imports Surged in All Product Thicknesses from 2014 to 2016



Source: ITC Prehrg. Rep. at IV-10 (Table IV-5).

Imports from China of Thin Gauge Foil Displaced the Domestic Product



Source: ITC Prehrg. Rep. at III-14 and IV-10.

China's Capacity to Produce Aluminum Foil Increased Significantly Since 2010 and Is Projected to Increase Further



Source: []

Chinese Producers' Production of Aluminum Foil Surpasses Their Home Market Consumption



Source: [

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China Has More Excess Capacity to Produce Aluminum Foil Than The Entire U.S. Merchant Market



Source: ITC Prehrg. Rep. at C-5 and [

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The United States Is China's Number One Export Market

1. United States
2. India (AD order issued in May 2017)
3. Thailand
4. Korea
5. United Arab Emirates

Source: Global Trade Atlas.

Third Country Barriers Will Cause China to Target the U.S. Market

Export Market	Import Barrier	Year of Imposition
European Union	Antidumping Duty Order	2009 (Extended in December 2015)
Turkey	Antidumping Duty Order	2014
India	Antidumping Duty Order	2017

Source: WTO.

