MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Trade Remedies – Application for safeguard investigation – Aluminium extrusions

Date:	14 May 2026	**Priority:**	High
Security classification:	In Confidence	**Tracking number:**	BRIEFING-REQ-0033085

Action sought		
	Action sought	**Deadline**
Hon Cameron Brewer **Minister of Commerce and Consumer Affairs**	**Agree** to initiate a safeguard investigation into imports of aluminium extrusions to New Zealand	22 May 2026

Contact for telephone discussion (if required)				
Name	**Position**	**Telephone**		**1st contact**
[redacted]	Manager, Infrastructure and Environment	[redacted]	[redacted]	
[redacted]	Team Leader – Trade Remedies	[redacted]	[redacted]	✓

The following departments/agencies have been consulted
N/A

Minister's office to complete:

- ☐ Approved
- ☐ Declined
- ☐ Noted
- ☐ Needs change
- ☐ Seen
- ☐ Overtaken by Events
- ☐ See Minister's Notes
- ☐ Withdrawn

Comments

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Purpose

To seek a decision from you on whether to initiate a safeguard investigation into imports of extruded aluminium products under section 8 of the Trade (Safeguard Measures) Act 2014.

Executive summary

On 21 January 2026, the Ministry of Business, Innovation and Employment (MBIE) received an application from the Aluminium Extruders Association of New Zealand (ALENZ) requesting the initiation of a safeguard investigation into imports of extruded aluminium products under the Trade (Safeguard Measures) Act 2014.

Safeguards are temporary measures available under the Act to protect a domestic industry from serious injury caused by increased imports, and to give the industry time to adjust to import competition. As Minister of Commerce and Consumer Affairs, you have discretion to initiate a safeguard investigation if you are satisfied there are reasonable grounds to consider that increased imports are causing serious injury to the domestic industry.

In preparing this advice, MBIE has assessed evidence in ALENZ's application against the statutory threshold for initiation. MBIE's analysis is summarised in this briefing and detailed in Annex One. MBIE is of the view that there are reasonable grounds to find that increased imports are causing serious injury to the domestic industry, and therefore that the application meets the threshold for initiation. On this basis, MBIE recommends that you initiate an investigation.

If you decide to initiate an investigation, MBIE will publish the required notices, commence the investigation, and provide you with advice on whether provisional safeguard measures should be imposed, followed by a substantive report within the statutory timeframe.

The investigation must be completed within 75 working days, or 85 working days if provisional duties are granted. If MBIE does not meet this timeframe it must report to you on the reasons why, and this will ultimately be published at the conclusion of the investigation. MBIE will run the process as New Zealand's investigating authority, engaging with relevant industry stakeholders and importers' governments as part of this process.

Recommended action

The Ministry of Business, Innovation and Employment recommends you:

a **Note** MBIE has received an application from the Aluminium Extruders' Association of New Zealand seeking a safeguard investigation into all imports of aluminium extrusions.

Noted

b **Agree** to initiate this investigation, in accordance with the Trade (Safeguard Measures) Act 2014, on the basis that the application contains reasonable grounds to consider that increased imports are causing serious injury to the domestic industry.

Agree / Disagree

c **Sign** the attached Gazette Notice (Annex Two) notifying the public of your decision.

Agree / Disagree

If you are considering making a different determination from any of those recommended above, please first contact MBIE for further advice on consequential actions and implications.

[redacted]
Manager, Infrastructure and Planned Environment
14 / 05/ 2026

[redacted]
Hon Cameron Brewer
Minister of Commerce and Consumer Affairs
27 / 5 / 26

Background

1. On 21 January 2026, the Ministry of Business, Innovation and Employment (MBIE) received an application for a safeguard investigation by the Aluminium Extruders Association of New Zealand (ALENZ) requesting that the Minister of Commerce and Consumer Affairs investigate the import of extruded aluminium products originating in China.

2. Extruded aluminium products are made by forcing heated aluminium alloy through a shaped die to produce profiles used widely in construction, transport, marine, and other industrial applications.

3. Under the Trade (Safeguard Measures) Act 2014 (the Act) you can initiate a safeguard investigation if you are satisfied that there are reasonable grounds to consider that increased imports are causing serious injury or a threat of serious injury. Safeguard measures last up to four years unless they are reviewed under the Act and extended. MBIE conducts this investigation, and you, as Minister of Commerce and Consumer Affairs, are responsible for making the final decision whether to impose measures.

4. ALENZ is an incorporated society which represents the combined interests of the New Zealand domestic industry of aluminium extruders. All domestic industry members have indicated that they support the application for a safeguard investigation. These members are Independent Extrusions Limited (INEX), Altus NZ Ltd (Altus), McKechnie Aluminium Solutions Limited (McKechnie), Aluminium Extrusion Company Limited (Alexco), and Vulcan Ullrich Aluminium NZ Limited (Vulcan). Of these five producers, the three largest (INEX, Altus and McKechnie) have provided information as part of the application - a sufficient proportion for the purposes of an initiation decision.

Purpose of safeguards

5. The purpose of the Act is to enable New Zealand to apply safeguard measures and provisional safeguard duties in accordance with the agreement establishing the World Trade Organization (the WTO Agreement). These measures and duties are intended to:

   - provide temporary protection to a domestic industry from serious injury caused by increased imports, and

   - facilitate adjustment by a domestic industry to increased competition from increased imports.

6. Safeguard investigations differ from dumping and subsidy cases in that they address situations where imports increase and place significant pressure on a domestic industry, rather than focusing on whether imports are traded at unfairly low prices or benefit from government support. Safeguard investigations consider imports from all countries (except when countries are excluded on the basis of free trade agreements), rather than being exporter or country focussed.

Initiating a safeguard investigation

7. MBIE considers that the evidence it has meets the threshold for initiating a safeguard investigation and recommends you initiate an investigation.

8. The decision to initiate a safeguard investigation is discretionary. This means when making your decision you must consider the mandatory relevant factors, must not consider any irrelevant factors, and must exercise your discretion in a way that is reasonable and fair, and in line with the purpose of the Act.

9. You can initiate a safeguard investigation if you are satisfied that there are reasonable grounds that:

- There are increased imports – this can be either an absolute increase or a relative increase compared with the amount of like goods or directly competitive goods produced in New Zealand.
- The domestic industry has suffered serious injury or is threatened by serious injury. The Act defines serious injury as a significant overall impairment in the position of the domestic industry, and the threat of serious injury as a serious injury that is clearly imminent.
- The increased imports caused the serious injury or threat of serious injury.

10. This briefing provides MBIE's assessment for each of these factors to help inform your decision. Annex One provides additional detail on the assessment of the increase in imports and injury to the domestic industry.

11. MBIE notes that imports from Australia and Singapore have been excluded from this analysis because those countries are excluded from the scope of possible safeguard measures under the Act as a result of New Zealand's trade agreements. Any references to "imports" and "import volumes" in this briefing exclude imports from these sources.

12. Excluding these sources allows MBIE to focus on import trends from countries that could, in principle, be subject to a safeguard measure, and therefore ensures the analysis is relevant for the purposes of this initiation assessment.

Imports have increased

13. Before you can decide to initiate an investigation, you must be satisfied there are reasonable grounds to find there has been an increase in imports. There are two alternative methods by which you can arrive at this conclusion: either there has been an absolute increase in imports; or an increase in imports relative to like goods or directly competitive goods.

14. MBIE considers there are reasonable grounds to find the latter – that imports have increased relative to domestic production during the application's period of assessment (2023-2025). This occurred because domestic production volumes fell more sharply than total import volumes over this period.

15. To reach this conclusion, MBIE cross-checked the evidence in ALENZ's application against more disaggregated Customs data to identify any major deviations. MBIE found:

- the ratio of imports to domestic production rose from around [redacted] in 2023 to over [redacted] in 2025,
- imports increased relative to domestic production under the tariff item with the highest concentration of in-scope imports, and
- New Zealand producers' market share declined from [redacted] in FY2023 to [redacted] in FY2025.

16. MBIE's view is summarised below - the full analysis to support this conclusion is set out in Annex One:

- **Imported goods:** To assess increased imports, it is first necessary to identify the imported goods, noting that "import" means the arrival of goods in New Zealand from outside the country. Here, the imported goods are aluminium extrusions made from specified aluminium alloys, which may be worked or unworked and finished in various ways. This includes goods that are only partially worked after extrusion but excludes goods worked to the extent they fall under a different tariff item. The goods are classified under tariff items 7604.21.00 00B (hollow profiles) and 7604.29.09 00F (other), noting that both include some out-of-scope products. MBIE considers tariff item 7604.21.00 00B to be the more representative indicator of import trends.

- **Like goods:** To establish what imports are compared against, it is necessary to identify the “like goods,” which are defined in the Act as goods that are identical to the imported goods or, in their absence, goods with closely resembling characteristics. ALENZ described the like goods using the same description as the imported goods and considers that domestically produced goods are like goods. MBIE is satisfied, based on the available evidence that, for the purposes of an initiation assessment, the goods produced by the domestic industry closely resemble the imported goods and therefore are “like goods”.

- **Increase in imports:** At this stage, the test is whether there are reasonable grounds to find that imports have increased. ALENZ provided publicly available Statistics NZ data showing that imports increased relative to domestic production between 2023 and 2025, with the ratio rising from [redacted] to [redacted], and import market share increasing from [redacted] to [redacted]. MBIE assessed this evidence by cross-checking against more detailed (not publuicly-available) Customs data for the relevant tariff lines. MBIE’s assessment showed that imports increased relative to domestic production under the more representative tariff line, and when both lines were considered together. On this basis, MBIE considers there are reasonable grounds to find a relative increase in imports for the purposes of initiation.

17. MBIE therefore recommends that you determine that there are reasonable grounds for you to be satisfied that imports of extruded aluminium products have increased. There is no set threshold or specific “amount” by which imports must increase to meet this test. In this case, while the increase is not large, MBIE considers it to be clear and supported by the available data.

The domestic industry has suffered serious injury

18. Serious injury is defined as a significant overall impairment in the position of the domestic industry, and the threat of serious injury is defined as a serious injury that is clearly imminent.

19. MBIE considers there are reasonable grounds to find that the domestic aluminium extrusion industry has suffered serious injury for the purposes of this initiation decision. This conclusion is based on a consistent pattern of deterioration across multiple injury indicators.

20. MBIE’s view is summarised below - the full analysis to support this conclusion is set out in Annex One:

- **Price effects**: There are reasonable grounds to find that there is significant price undercutting (imported goods were priced below comparable domestic goods, creating competition) and price suppression (domestic producers were unable to raise prices in line with rising costs – often this is a result of price competition in the market).

- **Output and sales**: Domestic production declined by approximately [redacted] (around [redacted] tonnes) between 2023 and 2025. Sales volumes fell sharply and consistently across the three largest producers, with limited ability to recover lost volumes.

- **Market share:** Market share data shows that the domestic industry’s share of the New Zealand market declined by [redacted] over the period examined, falling as domestic production and sales contracted. The percentage change in market share is modest in isolation, and MBIE does not consider there to be reasonable grounds for finding a significant impairment. However MBIE does consider this decline meaningful when assessed alongside the sharp declines in output and sales volumes.

- **Profitability**: Profitability (measured as earnings before interest and tax (EBIT) per kilogram) declined materially for two producers and remained flat for one producer, indicating sustained financial pressure within the industry.

- **Productivity**: Productivity declined as output fell while workforces initially remained relatively stable. For example, one producer experienced a [redacted] decline in output per labour hour over the period.

- **Employment**: Employment fell by between [redacted] and [redacted] across the three reporting firms, with evidence that imports are already displacing production equivalent to full production shifts and creating a risk of further job losses.

21. While some individual indicators are not determinative on their own, taken together the evidence demonstrates a marked and broad deterioration in the condition of the domestic industry. Considered as a whole, MBIE is of the view that there are reasonable grounds to find serious injury to the domestic industry.

There is a causal link between the increased imports and serious injury

22. At this stage of the process, you are not required to establish the imports are the sole or dominant cause of injury, only that there are reasonable grounds to consider they are a contributing cause.

23. Based on the information provided by ALENZ, MBIE considers there are reasonable grounds to find a causal relationship. This is because the relative increase in imports has coincided with sustained deterioration across multiple indicators of industry performance. Imports declined more slowly than domestic production, resulting in increased import penetration, while evidence of price undercutting and price suppression indicates that imports have constrained the domestic industry's ability to compete on price and recover costs. These import effects are consistent with observed declines in output, sales volumes, profitability, productivity, and employment.

24. MBIE recognises that a range of other factors including higher input and energy costs, exchange-rate movements, and weaker downstream demand, have contributed to the overall deterioration observed and, in some respects, have amplified the impact on industry performance. However, MBIE is satisfied increased imports have played a material enough role to meet the initiation threshold.

25. On this basis MBIE recommends that you determine that there are reasonable grounds to consider that increased imports are causing serious injury to the domestic industry.

Recommended initiation decision

26. Considering the evidence set out above, MBIE recommends that you initiate an investigation. This recommendation is made on the basis that there are reasonable grounds to conclude:

    - there has been an increase in imported goods relative to the production of like goods by the domestic industry;

    - the domestic industry producing like goods is experiencing serious injury; and

    - there is a causal relationship between the increased imports and the serious injury observed.

Risks and mitigations

27. **First safeguard case and statutory timeframes:**

- [redacted].
- Once an initiation decision is made, completion of the investigation is subject to a 75 working day statutory timeframe or 85 days in the event a provisional duty is put in place. If these timeframes are not met MBIE must report to you on why and this will ultimately be published at the conclusion of the investigation. [redacted].

28. **International engagement and trade relationships:** A safeguard investigation involves notification, consultation, and potential negotiation with trading partners. [redacted].

29. **Media and stakeholder expectations:** [redacted].

Next steps

30. If you exercise your discretion to initiate a safeguard investigation:

- You must notify your decision in a Gazette notice as well as by publishing that notice on MBIE's website. A Gazette notice is attached at Annex Two for your signature, should you agree to initiate the safeguard investigation. MBIE will organise the publication of the notice in the *New Zealand Gazette* and provide the notice to interested persons as soon as possible after receiving a signed copy from your office.
- MBIE will also proactively release a non-confidential version of this briefing to meet the transparency and information sharing requirements in the Act.
- MBIE will start a safeguard investigation and following this will provide advice to you on whether a provisional safeguard duty should be imposed.

Annexes

Annex One: Detailed analysis of evidence

Annex Two: Gazette notice

Annex One: Detailed analysis of evidence

1. Increase in imports

What are the imported goods?

1. To determine whether there are reasonable grounds to find increased imports you must first identify what the imported goods are. Imported goods are not defined in the Act, but "import" is defined as:

   in relation to goods, means the arrival of the goods in New Zealand in any manner, whether lawful or unlawful, from a point outside New Zealand…

2. In this case, the relevant imported goods are aluminium extrusions produced by an extrusion process. The aluminium alloys contain metallic elements that fall within the Aluminium Association alloy series starting with 1, 2, 3, 5, 6 or 7, or equivalent proprietary or certifying-body alloy designations. The extrusions may be worked or unworked, and either left in their original, as-extruded (mill) finish, or mechanically finished, anodised, painted, or otherwise coated.

3. This description includes products that have been further worked, to a limited extent, after extrusion. However, it does not include products that are worked to the extent that they become classified under a different tariff item in the New Zealand Customs Service Working Tariff Document (the Working Tariff).

4. The imported goods are classified in the Working Tariff as follows:

   a) Tariff item 7604.21.00 00B - Aluminium bars, rods and profiles of aluminium alloys - Hollow profiles

   b) Tariff item 7604.29.09 00F - Aluminium bars, rods and profiles of aluminium alloys - other

5. MBIE notes both tariff items also contain out of scope imports. These will need to be filtered out in more detail to support analysis in the event that an investigation is initiated.[1] Of the two tariff items above, MBIE has found that tariff item (a) (7604.21.00 00B) has a higher concentration of in-scope imported goods and is therefore more representative of import trends.

What are the like goods?

6. To establish what you are comparing imports against you must form a view on what the "like goods" are.

7. "Like goods" is defined in section 5(1) of the Act. It sets out that "like goods", in relation to imported goods, means—

   (a) goods that are like the imported goods in all respects; or

   (b) in the absence of goods referred to in paragraph (a), goods that have characteristics closely resembling the imported goods.

8. In its application, ALENZ described the like goods as an identical description to the above description of the imported goods. On this basis, ALENZ considers that the goods produced by the New Zealand industry are like or directly competitive with the imported goods.

[1] According to the Working Tariff definitions, these tariff lines also include products that are rolled, extruded drawn, forged or formed, coiled or not and of a uniform cross-section along their whole length. It also extends to cast or sintered products, of the same forms, which have been subsequently worked after production (otherwise than by simple trimming or de-scaling), provided that they have not thereby assumed the character of articles or products of other headings.

9. Based on the available evidence, MBIE is of the view that for the purposes of initiation the goods produced by the domestic industry closely resemble the imported goods.

When comparing the imported goods with like goods is there an absolute or relative increase?

10. At this point you only need to be satisfied there are reasonable grounds for finding increased imports exist.

11. In its application, ALENZ provided evidence sourced from Statistics NZ's Infoshare database to support its position that volumes of the imported goods increased relative to domestic production over the 2023-2025 period. ALENZ reported that the ratio of imports to domestic production increased from [redacted] in 2023 to [redacted] in 2025, and that the market share held by imports increased from [redacted] in 2023 to [redacted] in 2025, including a reported increase of [redacted] in 2025 year-to-date.

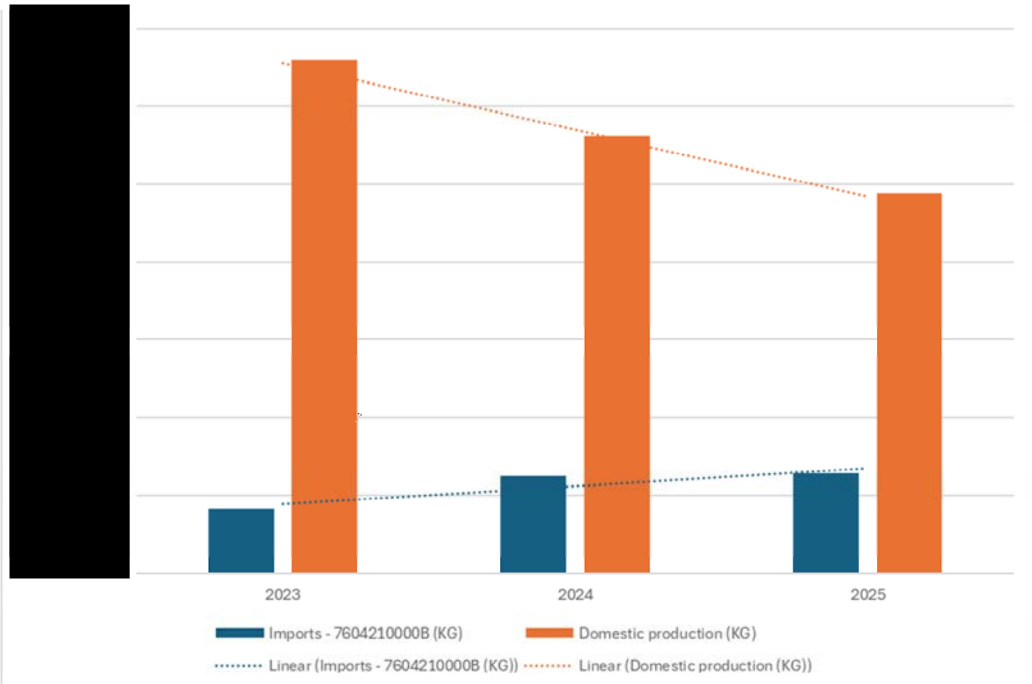
12. MBIE assessed the general quality and coherence of ALENZ's evidence by cross-checking it against Customs import data, focusing on the same relevant tariff lines but examining those lines at a more disaggregated level. The purpose of this process was to check for any clear inconsistencies or material disparities in ALENZ's claims.

13. To test ALENZ's evidence, MBIE conducted three sets of high-level comparisons using Customs data, and made the following findings:

- **An analysis of tariff line A alone**: Imports under tariff line A did *not* show an increase relative to domestic production over the period examined. However, import volumes movements in this tariff line were influenced by a high proportion of non-subject goods, and therefore carried the risk of findings being skewed by those out-of-scope goods.

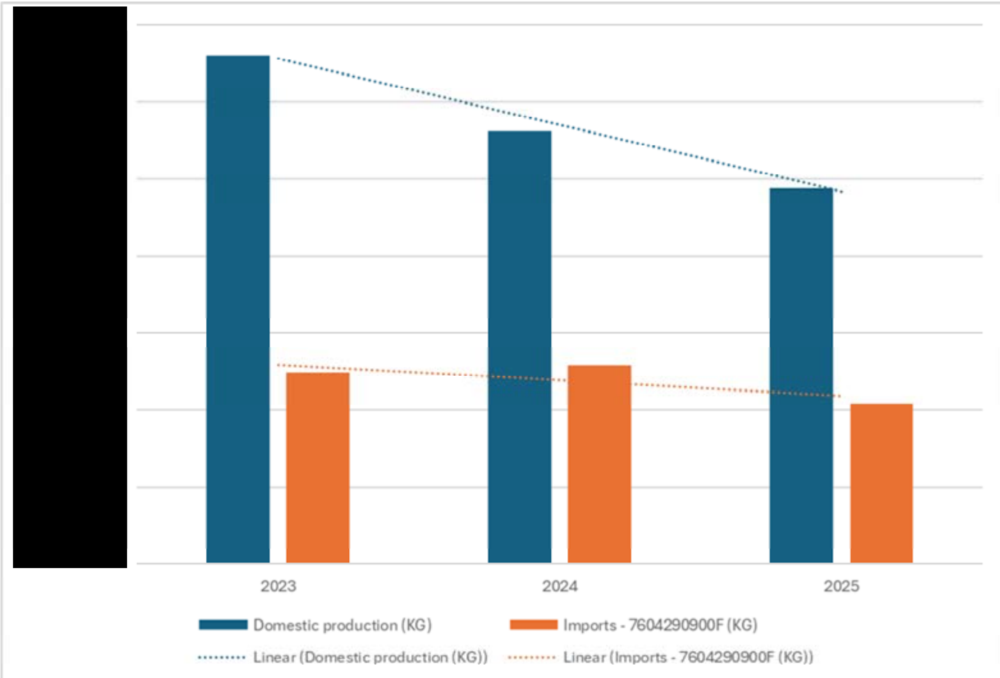
- **An analysis of tariff line B alone**: Imports under tariff line B increased *relative to domestic production* over the period examined. This occurred because concurrent with the increase in imports (by approximately [redacted]) was a comparatively sharp decline in domestic production (approximately [redacted]) (Figure 1 below demonstrates). As a result, imports accounted for a larger share of total supply as domestic output fell.

Figure 1: Imports of tariff item 760421000B (Aluminium bars, rods and profiles – hollow profiles) relative to domestic production



- **An analysis combining both tariff lines**: Again, imports increased relative to domestic production over the period examined, although to a lesser degree than observed for tariff line B alone. While the relative difference between import and domestic production volumes is smaller than for tariff line B alone, MBIE considers the presence of an increase remains sufficient. The lower relative difference reflects the inclusion of import volumes for line A, which contain a higher proportion of non-subject goods; as such, movements in these volumes are likely to have had a moderating and potentially distorting effect on the overall trend.

Figure 2: Imports of both tariff items relative to domestic production



14. In light of the above assessment, MBIE considers that there are reasonable grounds to find a relative increase in imported goods, for the purposes of deciding whether to initiate an investigation.

2. Serious Injury

Who is the domestic industry?

15. To determine whether there are reasonable grounds to find serious injury you must first form a view on who, if anyone, the domestic industry is.

16. "Domestic industry" is a term that is defined in section 5(1) of the Act. It sets out that "domestic industry" means—

- *producers who produce like goods or directly competitive goods in New Zealand; or*

- *producers whose collective production constitutes a major proportion of the production in New Zealand of like goods or directly competitive goods*

17. ALENZ's application is supported by all five New Zealand producers of the subject goods - Independent Extrusions Limited (INEX), Altus NZ Ltd (Altus), McKechnie Aluminium Solutions Limited (McKechnie), Aluminium Extrusion Company Limited (Alexco), and Vulcan Ullrich Aluminium NZ Limited (Vulcan). It therefore has the full support of the domestic industry for the purposes of the Act. As noted above, MBIE is of the view that the goods produced by the domestic industry are directly competitive goods to the imported goods.

Is there serious injury?

18. To determine whether there are reasonable grounds to find serious injury you must consider whether there is a significant overall impairment to the position of a domestic industry.

19. For the purposes of a pre-initiation assessment, MBIE considers significant overall impairment to mean a marked and broad deterioration in the condition of the domestic industry as a whole. MBIE considers the evidence on the following factors, taken together, to determine whether the evidentiary threshold has been met:

    - **Import volume and price effects (Price undercutting / suppression / depression):** Price factors help show how imported goods compete with domestically produced like goods. They indicate whether imports are sold at lower prices than domestic products (price undercutting) and whether this price competition affects the domestic industry's ability to raise or maintain prices. If domestic producers cannot increase prices despite rising costs, this indicates price suppression. If they are forced to lower prices, this indicates price depression. These indicators show how pricing competition from imports affects domestic producers.

    - **Consequent economic impacts (impact on output, sales, revenue, profits, market share, production, productivity, capacity utilisation, and employment):** These factors show how price competition from imports translates into broader economic harm for the industry. For example, sustained price pressure can reduce revenues and profits, which can in turn affect production, investment, and employment. MBIE looks at these impacts together to determine whether the industry is experiencing significant overall impairment.

20. ALENZ's application provides detailed injury claims, including price and import effects analysis for three out of the five companies that make up the domestic industry, totalling between [redacted] of the New Zealand market. The remaining two companies provide summary information only. MBIE also noted that each of these three companies operates on different financial years, and the associated evidence aligns with those respective periods. ALENZ has noted that it is not practical to aggregate company data at this stage given the complexities associated with adjusting across multiple balance dates. However, the application contains themes that are consistent across all companies. MBIE considers this to be a reasonable approach for the purposes of a pre-initiation assessment.

Price effects

21. The application uses price effects analysis to note that the domestic industry has experienced serious injury. As part of its initiation considerations, MBIE has checked ALENZ's price effects calculations for material errors by comparing them with its own calculations using more disaggregated Customs data.

Price undercutting

22. Price undercutting analysis is used to assess whether imported goods are being sold at lower prices than comparable New Zealand-made goods. This helps indicate whether imports are exerting price pressure on the domestic industry, which is relevant when assessing whether imports may be contributing to harm at the initiation stage.

23. Price undercutting is calculated by comparing the price of imported goods with the price of like domestic goods at the same broad level of trade—that is, the first point at which the goods compete with each other. Import prices are measured on a cost, insurance and freight (CIF) basis, which estimates the price of imports as they enter the New Zealand market. Domestic prices are measured at the ex-factory level, reflecting the price of the like goods at the point they leave the factory.

24. ALENZ's application contained price undercutting calculations. Import prices were calculated using Infoshare data, and domestic prices were calculated using pricing data provided by three

participating domestic firms. Figure 3 shows undercutting margins for three manufacturers that provided detailed data. This illustrates positive and generally rising undercutting margins across manufacturers, with a significant increase between 2023 and 2025.

Figure 3: Price undercutting margins

25. MBIE notes that the domestic pricing data spans different time series, reflecting the respective financial years of each manufacturer. While this reduces consistency across a single shared period, MBIE considers the data sufficient for the purposes of a pre-initiation assessment. Reconciling all pricing data into a common period would require significant additional time and complexity, which is not practical at this stage given the preliminary nature of safeguards initiation assessments and the expectation that applications progress within relatively short timeframes.[2]

26. In light of the above, MBIE is of the view that there are reasonable grounds to find a (significant) price undercutting for the purposes of this initiation decision.

Price depression

27. Price depression occurs when prices fall over time, often in response to new competition. The application does not claim price depression as a result of the increase in imports, and notes that prices are set as a factor of a range of input costs.

28. On this basis, MBIE has not considered price depression as an injury factor for the purposes of this initiation decision, and recommends that you do not make a finding with regards to this factor.

Price suppression

29. Price suppression occurs when domestic producers are unable to raise prices in line with increasing costs, often due to competitive pressure in the market. This can affect profitability even where sales prices remain stable or increase slightly. Price suppression is measured as price per kilogram as a function of both, the costs of production and of total costs.

30. ALENZ's application states that the domestic industry has suffered injury through price suppression, and provides supporting evidence in relation to three companies. Across [redacted] the data shows a modest but sustained increase in both direct manufacturing costs and total costs as a share of sales price per kg over the period, with total costs remaining consistently high (around the low[redacted] percent range). [redacted] shows greater volatility, with cost shares falling initially before rising sharply, with total costs approaching or reaching the level of sales prices in the most recent period.

31. Taken together, these trends indicate price suppression because input and total costs have increased (or remained elevated) relative to sales prices, suggesting that producers have been unable to raise prices sufficiently to maintain margins.

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[2] If an investigation is initiated, MBIE would undertake a more detailed and consistent assessment of pricing data to ensure robustness. This would include considering the current time series variances.

Figure 4: Price suppression (Variable and fixed costs as a percentage of sales value) - INEX

Figure 5: Price suppression (Variable and fixed costs as a percentage of sales value) - McKechnie

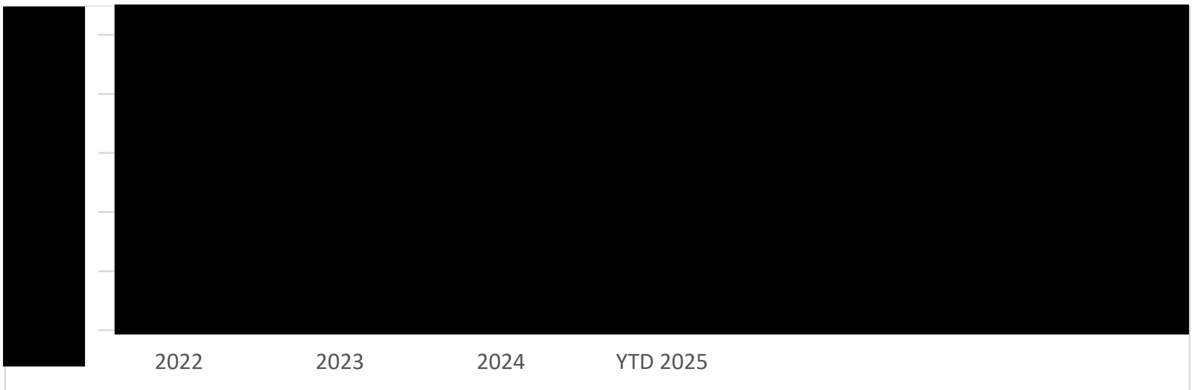


Figure 6: Price suppression (Variable and fixed costs as a percentage of sales value) - Altus

32. In light of the above, MBIE is of the view that there are reasonable grounds to find that there is price undercutting for the purposes of this initiation decision.

Consequent economic impacts

Output

33. ALENZ’s application contains output data for all five companies comprising the domestic industry. This data shows that New Zealand domestic production declined significantly between 2023 and 2025. The data provided shows that:

- Total domestic output fell by approximately [redacted] tonnes over the three year period, representing a decline of around [redacted]. Domestic production declined steadily year-on-year, rather than experiencing a one-off or temporary decrease.

- Over the same period, import volumes remained high, increasing in FY2024 before declining in FY2025. While imports fell in FY2025, they did not decline to the same extent as domestic production.

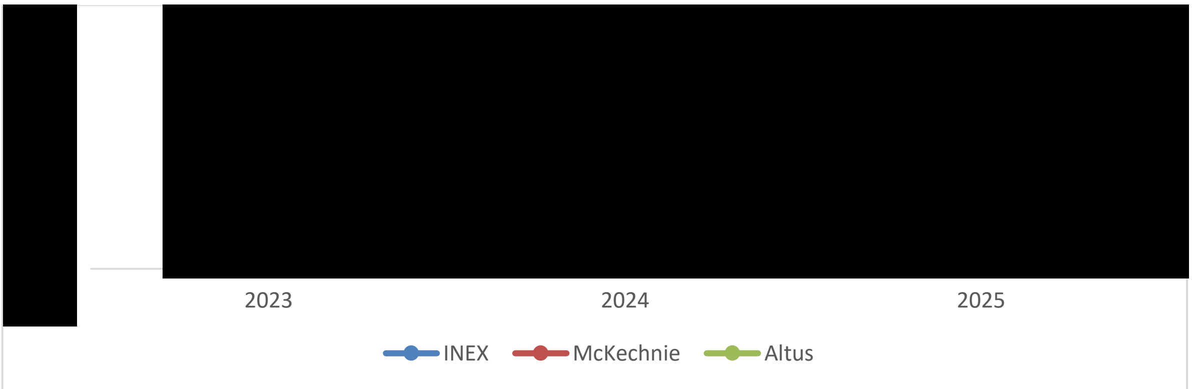
34. Taken together, the persistence of imports alongside a significant and continuing decline in domestic output is consistent with imported goods displacing domestically produced goods in the New Zealand market, for the purposes of a pre-initiation assessment.

Sales

35. ALENZ's application includes sales volume and revenue data for three domestic producers—INEX, McKechnie, and Altus. This data shows:

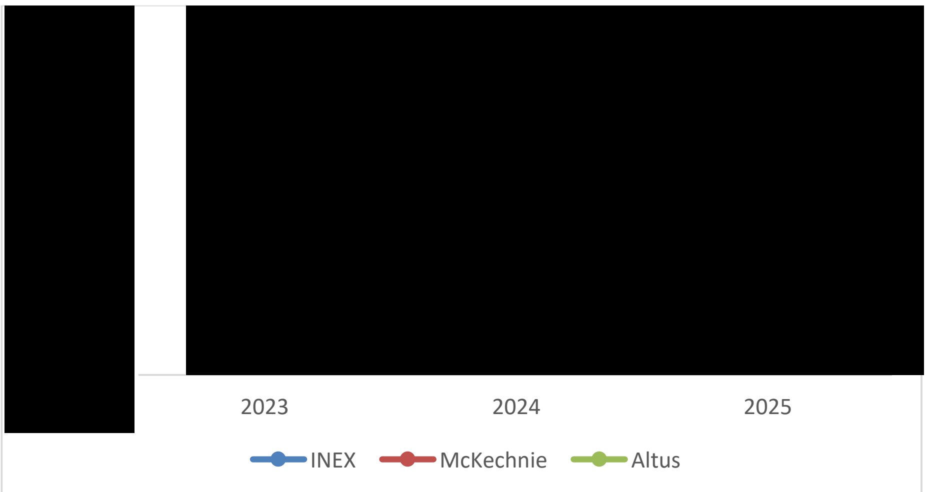
- **Sales volumes:** All three companies experienced a consistent decline in sales volumes between FY2023 and FY2025, with these being significant for [redacted]. This demonstrates a widespread downward trend across the industry rather than firm-specific impacts (Figure 7).

Figure 7: Sales volume (MT)



- **Sales revenue:** Sales revenue also declined across the three companies between 2023 and 2025, although in the case of [redacted], there was an increase in revenue between 2024 and 2025 (Figure 8). [redacted] recorded falling revenues over the period, though these declines were relatively smaller than their reductions in sales volumes. In its application, ALENZ attributed any increases in revenue to a partial recovery on earlier international cost increases – such as higher aluminium billet and alloy prices – and the depreciation of the New Zealand dollar against the US dollar. However, ALENZ considers that the overall decline in sales revenue reflects increased market share being captured by imported goods.

Figure 8: Sales revenue (NZD)



36. MBIE considers ALENZ’s sales data to be reasonable for the purposes of a pre-initiation assessment. While the application does not present sales data for all five domestic producers, the consistency of trends across the three largest producers supports an inference of industry-wide pressure, rather than firm-specific performance issues. The volume declines observed are large, consistent across all reporting producers, and align with the observed loss of market share and decline in domestic output. Similar trends are also visible, though to a lesser degree of significance, in revenue data.

37. Taken together, the volume and revenue data indicate that domestic producers experienced substantial losses in sales volumes and were unable to recover those volumes over time.

38. In light of the above, MBIE is of the view that there are reasonable grounds to find a serious industry-wide decline in sales volumes and revenue.

Market share

39. ALENZ’s application shows that the domestic industry’s share of the New Zealand market declined from approximately [redacted] in FY2023 to around [redacted] in FY2025, following a steep decrease between FY2023 and FY2024. This represents a reduction of about 2 percentage points over the period as a whole.

40. Imports gained market share as domestic output fell. Although domestic market share recovered slightly in FY2025, it remained below FY2023 levels, indicating continued pressure.

41. A small change in market share may represent a meaningful business impact alongside a [redacted] drop in production and significant sales declines across all producers. However, in the context of a pre-initiation assessment, MBIE is of the view that a [redacted] decrease in market share does not provide reasonable grounds to find a major decline.

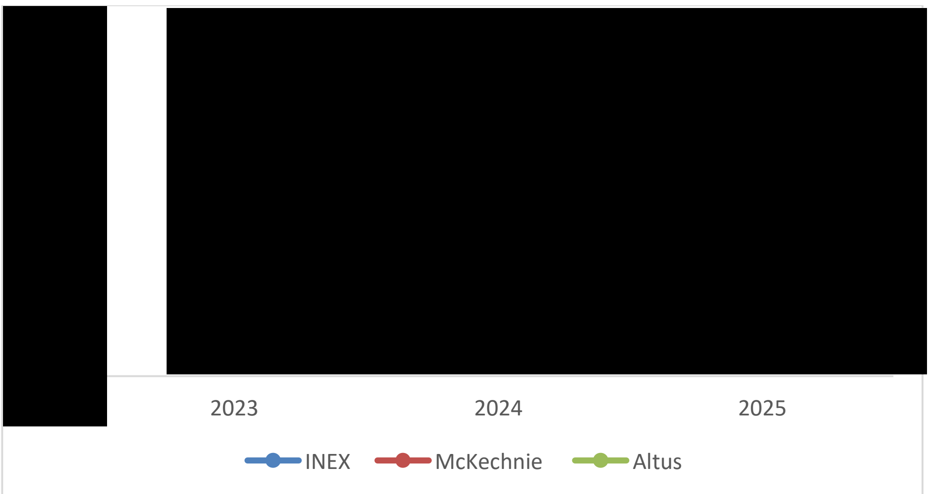
42. MBIE notes that the test for serious injury requires a collective assessment of all indicating factors. Finding no reasonable grounds for this factor alone is not determinative, and is required to be considered alongside the other factors to form a view on whether there are reasonable grounds to find serious injury.

Profits

43. ALENZ’s application includes profitability data, measured as earnings before interest and tax per kilogram (EBIT/kg), for three domestic producers: INEX, McKechnie, and Altus.

44. The data provided (Figure 9) shows a clear deterioration in profits for [redacted]

Figure 9: Profit (EBIT/kg)



45. Taken together, the profitability data shows that domestic producers faced increasing financial pressure over the period examined. For two of the three reporting producers [redacted] profitability declined directly through falling margins per kilogram. For the third producer [redacted] while margins per kilogram remained stable, sharp declines in sales volumes suggest a reduction in overall profitability by limiting the ability to spread fixed costs. In combination, these results indicate that domestic producers were operating under price-constrained conditions, where competitive pressure from imports restricted both their ability to raise prices and to maintain sufficient sales volumes to sustain financial viability.

46. The above deterioration in EBIT/kg aligns with the observed declines in sales volumes, output, and market share. It also reflects the price undercutting and price suppression described earlier, which indicates that strong competition is preventing domestic producers from raising prices and therefore reducing their profitability.

47. In light of the above, MBIE is of the view that there are reasonable grounds to find a serious industry-wide decline in profitability.

Productivity

48. Productivity is the relationship between the output of goods and the input of resources used to produce them. Changes in productivity are affected by output levels and by the level of production capacity utilisation.

49. In its application, ALENZ provided productivity evidence from [redacted] measured as production per full-time worker (kilograms per hour). This evidence shows a reduction in productivity across the domestic industry, driven primarily by declining production volumes relative to input costs:

- [redacted] Productivity declined over the period, with output per labour hour falling by around [redacted] between the years ended March 2023 and March 2025. [redacted] attributed this to underutilised capacity (noting unused capacity for approximately [redacted] tonnes), particularly in standard sections, which are directly affected by import competition.
- [redacted] reported rising production costs per kilogram despite reported productivity improvements of [redacted] on extrusion presses, over [redacted] in finishing operations, and between [redacted] and [redacted] in fabrication operations. [redacted] attributed this outcome to a strategic shift towards value-added production, reflecting its inability to compete on price with standard imported products.

50. MBIE has considered wider economic factors, including increased energy costs, inflation, other production cost pressures, and reduced demand from downstream sectors, all of which may affect the domestic industry's productivity. As such, considering the above evidence, MBIE is of the view that there are reasonable grounds at the initiation stage to consider that import competition is contributing to the deterioration in productivity.

Employment

51. ALENZ's application includes employment data for [redacted] and indicates that all three companies experienced employment reductions due to reduced production volumes and loss of market share to imported products. Employment data is reported at the end of each company's respective financial years.

52. All three companies experienced a sharp decline in employment during the application period, coinciding with the periods of greatest decline in domestic production of like goods (Figure 10).

Figure 10: Changes in employment levels (FTEs)

Changes in employment levels over the application period						
	2022/23	***2023/24***	**2024/25**	**2025**		**% Change**
INEX (YE March 23)	[redacted]	[redacted]	[redacted]	[redacted]	*(7 months March to Oct 25)	[redacted]
McKechnie (YE December 22)	[redacted]	[redacted]	[redacted]	[redacted]	*(10 months Jan to Oct 25)	[redacted]
ALTUS (YE June 22)	[redacted]	[redacted]	[redacted]	[redacted]	*(YE June 25)	[redacted]

53. Alongside the employment figures noted above, the three companies provided further evidence about employment impacts including:

- [redacted] stated that imports of standard aluminium sections have already reduced its production volumes, utilisation rates, and output per hour, and noted that increased import-driven pressures are likely to result in future job losses and further production reductions.

- [redacted] reported that employment impacts reflected a shift toward value-added production as it could no longer compete on price with standard imports. This shift increased labour input per tonne even as volumes declined, raised costs per kilogram, and did not deliver the expected price uplift due to pricing pressure from imported finished products.

- [redacted] reported operating at approximately [redacted] of production capacity in the year ended June 2025, which limited its ability to sustain employment and increased fixed costs per kilogram.

54. MBIE considers that the evidence above shows a decline in employment in the domestic industry. While some stabilisation reflects operational adjustment and a shift toward value-added products, this does not offset the evidence of injury where employment has already fallen and import pressure constrains recovery.

55. In light of the above, MBIE is of the view that there are reasonable grounds to find an industry-wide decline in employment.