

TESTIMONY OF MARCO PALMIERI, NOVELIS CORPORATION
U.S. Dept. of Commerce - Aluminum 232 Investigation Hearing
June 22, 2017

Good morning Secretary Ross. My name is Marco Palmieri, and I am the President of Novelis North America. I would like to thank you for the opportunity to speak on this important topic today. Novelis believes that the Department's investigation is timely and vital to the future of the domestic aluminum industry.

Novelis is the world's largest producer of flat-rolled aluminum products used to make beverage cans, cars and trucks, and other diverse products. Novelis, a \$10 billion company, operates 25 facilities in 11 countries and is the global leader in aluminum recycling.

While we are a global company, we are deeply committed to our North American operations and have made significant investments in our U.S. facilities in recent years. Novelis employs around 4,000 people in the U.S. — with its corporate and regional headquarters and global research and technology center in Georgia, seven production sites in Georgia, Indiana, Kentucky, New York, Ohio and West Virginia, and a sales and engineering lab in Michigan. Today, I would like to highlight three main points for the panel.

First, Novelis believes it is important for the Department to recognize that the aluminum industries of the United States and Canada are intertwined, with Canada playing a vital role in support of U.S. aluminum manufacturing efforts.

U.S. smelting operations cannot meet the domestic demand for primary aluminum. At Novelis, we do source both primary and recycled metal from the U.S. But, because it is not possible for us to obtain all of the primary aluminum that we need through our U.S. purchases, we also rely on primary aluminum originating from Canada.

Additionally, our facility in Canada works in tandem with our U.S.-based facilities to manufacture products as part of a complex processing chain. For example, when making certain automotive products, aluminum may cross the border at least four times before it is fully finished and ready to ship to customers throughout the U.S., Canada, and Mexico.

Therefore, to ensure the viability of the U.S. aluminum industry, the Department should exclude Canada from any remedy recommendation made in its final report.

Second, Novelis believes in free and fair trade, but there must be a level playing field. Imports originating from countries like China – with excessive overcapacity driven by government subsidies – have significantly affected the aluminum industry, putting Novelis’ U.S. manufacturing facilities at risk. In fact, unfairly priced aluminum from China has already forced us to exit certain product lines.

In 2008, we left the converter foil business – and shuttered a facility in Kentucky. Only a few years ago, we sold our household foil business. And, in April 2014, we were forced to idle some equipment and lay off workers at our facility in Indiana.

To date, Novelis has maintained profitability by migrating its product portfolio to emphasize markets that have not yet been affected by imports from China. Those imports, however, have been entering new product market segments in the U.S. Novelis salespeople regularly report hearing about offers of imported products at extremely low prices.

We also have reason to believe that Chinese producers will increase production of automotive aluminum capacity within the next few years. If this increased capacity of aluminum were permitted to be exported to the U.S. at subsidized and unfair prices, Novelis could be forced to slash production, lay off employees, and shutter entire facilities if those facilities are not able to deliver reasonable rates of return.

Third, the same equipment used to process and roll auto sheet can be used to make products for military applications, but those applications make up a small portion of the entire U.S. downstream aluminum market. Therefore, if trade measures under this investigation only were enacted to protect the aluminum used directly in defense-related products, such remedies would not secure the stability of the entire domestic aluminum industry, nor its associated hundreds of thousands of U.S. jobs.

In conclusion, Novelis respectfully requests that the Department recognize that 1) Canada should be excluded from any remedy or recommendation made in the Department's final report; 2) unfair prices and subsidized imports originating from outside North America are negatively affecting U.S. national security interests; and 3) relief is needed for the entire aluminum supply chain – including downstream rolled products – to ensure a healthy aluminum industry in the United States. Thank you.