CRU World Aluminum Conference 2018
Heidi Brock Remarks
April 24, 2018

Thank you everyone and thanks Greg for the generous introduction.

Well, it's certainly an interesting time for the aluminum industry in the United States. On the one hand, we enjoy record demand for our metal and we are growing. Our latest preliminary data shows that demand for aluminum in 2017 totaled 12.3 million metric tons, which is a record since we began tracking this number in the early 1960s. Our members have invested more than $2.6 billion in U.S. plants and operations to capture current and projected demand growth – to say nothing of the investments by Braidy Industries that Mr. Bouchard discussed. And our associations recently released economic impact study shows that overall jobs in the aluminum industry continue to grow.

On the other hand, we continue to face strong headwinds in some areas. U.S. jobs in smelters and primary production have declined by more than two-thirds over the past five years, despite growth in the mid and downstream. While 2017 was a record year for demand, it was also a record year for foreign imports. Rampant government subsidies in China continue to drive massive metal overcapacity, distorting markets and depressing growth in the rest of the world. And now we may be facing further disruption following sanctions against Russia and the reduced alumina refining capacity in Brazil.

To be very clear, our industry understands that the sanctions against Russia are for reasons that go far beyond aluminum, and our members are committed to complying fully with the new rules. But, it is also important that everyone understand the real and potential impacts of these sanctions on supply. Las year the U.S. industry relied on Russian imports for fully 12 percent of its total primary aluminum demand. This metal helped support growth in the mid-and-downstream aluminum sector that is driving jobs in the industry today.

The administration's move to extend the deadline for the implementation of these sanctions from June until October should allow for more time to adjustment in the market.

The last couple of weeks have been an important reminder of how the U.S. aluminum value chain, is a globally interdependent value chain.

We fully support the administration's goal of growing our own domestic aluminum smelter base to help shore up supply. But while we work to tackle the trade and regulatory barriers to meet that goal, we must also be realistic about where the market is today. Even if we brought every U.S. aluminum smelter back online tomorrow, we would not have nearly enough primary aluminum capacity here in the United States to satisfy growing domestic demand. The U.S. consumed more than 5 million metric tons of primary aluminum last year but has less than 2 million metric tons of total primary smelting capacity. And, as the people in this room know, restarting smelters – to say nothing of building new smelters – is an incredibly time and capital intensive proposition. There is simply no plausible scenario where the US can become self-sufficient in producing primary aluminum supply in the near-term.

In our view, we must maintain a laser focus on eliminating market distortive behavior by China that drives overcapacity. Even or perhaps especially during a time of potential near-term supply challenges, it is essential that we continue to enforce trade rules and norms.

A few modest proposals.

First, exempt all countries that operate as market economies from the 10 percent tariff on aluminum under Section 232. The administration has taken some promising steps with temporary exemptions for vital trading partners. However, we need more certainty about the trading landscape. Any tariff should specifically target China and then lets get our respective governments to the negotiating table.

Second, avoid quotas – in any form – on imported aluminum coming from these exempted countries. U.S. jobs in aluminum manufacturing today rely significantly on imported metal. By all means, let’s rebuild the aluminum smelter base in the U.S. but let’s also be honest about how much can be accomplished here.

Third, establish an aluminum import monitoring system to help ensure that no unfairly traded metal is entering the United States. We need greater transparency in the market to better safeguard the U.S. from unscrupulous entities that move metal through third countries in order to avoid prescribed duties.

Fourth, continue to enforce global trade rules with targeted action in markets where illegal government subsidies are occurring. The Aluminum Association was successful in its first ever antidumping/countervailing duty case against aluminum foil imported from China earlier this year. And we've seen positive preliminary decisions in another trade enforcement case on common alloy aluminum sheet from China as well. Our view is that trade rules allow us to have free trade — but you can't have free trade if the rules are not enforced.

And finally, and most importantly, ask the U.S. government to commit to immediate government-to-government negotiations with China to address the trade distorting practices that drive structural aluminum overcapacity. We recently joined our association colleagues in Brazil, Canada, Europe, Japan and Mexico in calling for the G20 to establish a global aluminum forum. We believe that with the right parameters, timetables and enforcement mechanisms, we can China's subsidies and overcapacity, and make the global market both free and fair.

Larry Kudlow, the newly appointed Director of the National Economic Council said recently while discussing aluminum tariffs on CNBC, "The United States could lead a coalition of large trading partners … to let China know they are breaking the rules left and right."

We agree more and look forward to supporting those efforts.

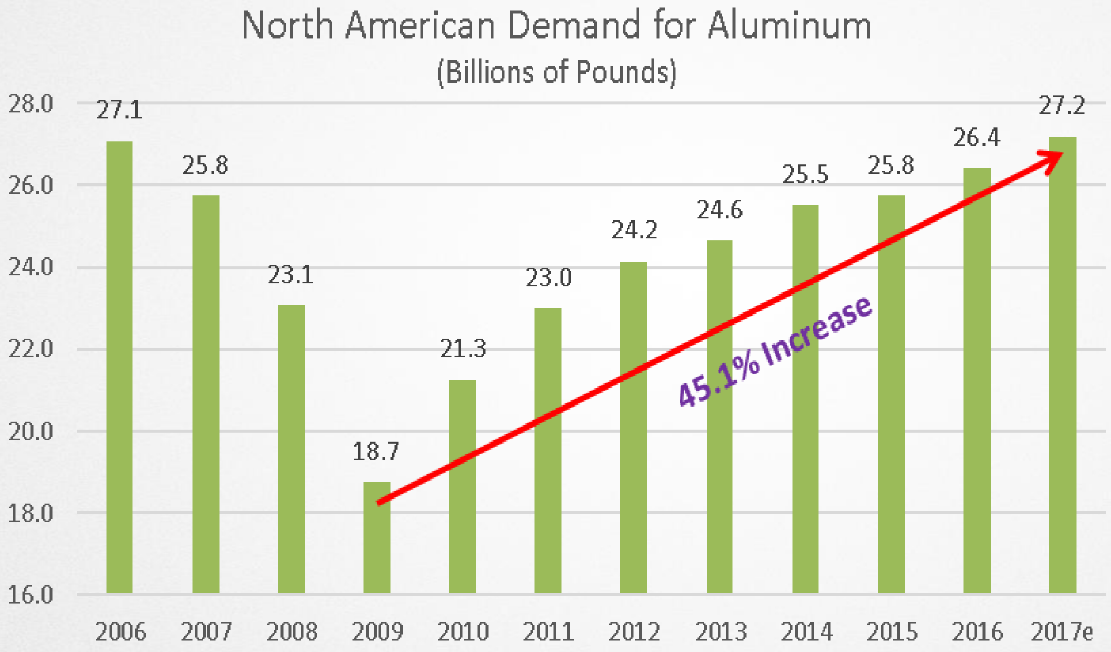
April 24, 2018

ALUMINUM ASSOCIATION

U.S. MARKET AND TRADE POLICIES

CRU WORLD ALUMINUM 2018

DEMAND GROWTH CONTINUES



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- Demand up an estimated 2.9 % y/y
    - Surpassing mid-2000s record levels
- Demand is up 45.1% since 2009
- Apparent consumption up nearly 4% y/y

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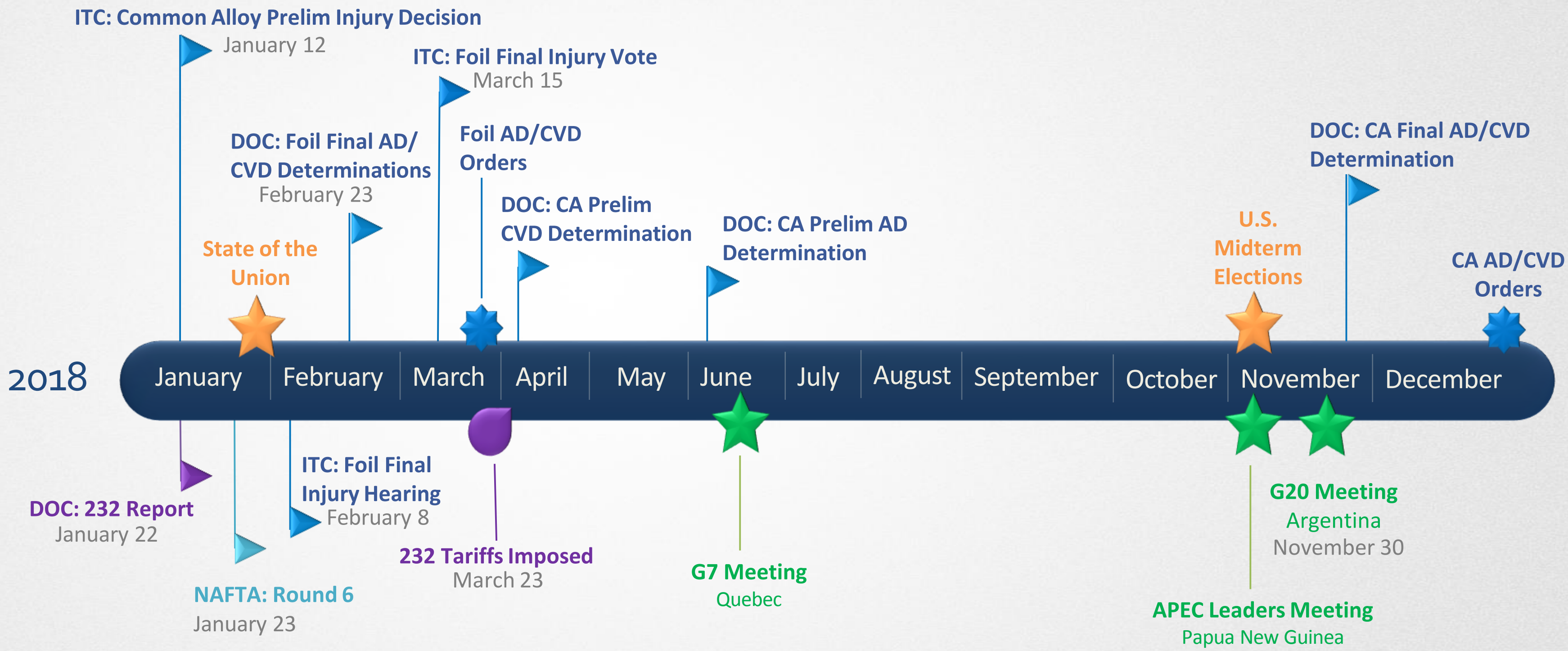
TRADE POLICY UNDER THE TRUMP ADMINISTRATION

"7 Point Plan To Rebuild the American Economy by Fighting for Free Trade"		Status
1. Withdraw from the TPP.	✓	Done (January 2017). The TPP-11 continues without the U.S. as a party.
2. Appoint tough, smart trade negotiators.		USTR has a team in place actively negotiating – check back in 6 months.
3. Direct the Secretary of Commerce to identify every violation of trade agreements and all appropriate agencies to use every tool under American and international law to end these abuses.	✓	Done/In progress
4. Tell NAFTA partners that we intend to immediately renegotiate the terms of that agreement.	✓	NAFTA negotiations were initiated over the summer, although progress is proving difficult.
5. Instruct the Treasury Secretary to label China a currency manipulator.	🛇	Reversed (April, October 2017). The U.S. Treasury Department declined to name China as a currency manipulator in semi-annual report.
6. Instruct the USTR to bring trade cases against China, both in US and at the WTO – China's unfair subsidy behavior is prohibited by the WTO.	✓	Done. Anti-dumping and countervailing duty investigations are in progress, including a self-initiated case on aluminum common alloy.
7. Use every lawful presidential power to remedy trade disputes if China does not stop its illegal activities - including the application of tariffs consistent with Sec.201 and 301 of the Trade Act of 1974 and Sec. 232 of the Trade Expansion Act of 1962.	✓	Done. A 232 investigation on steel and aluminum imports is in progress, and a 301 investigation was initiated.

TRADE TIMELINE – AS OF APRIL 2018



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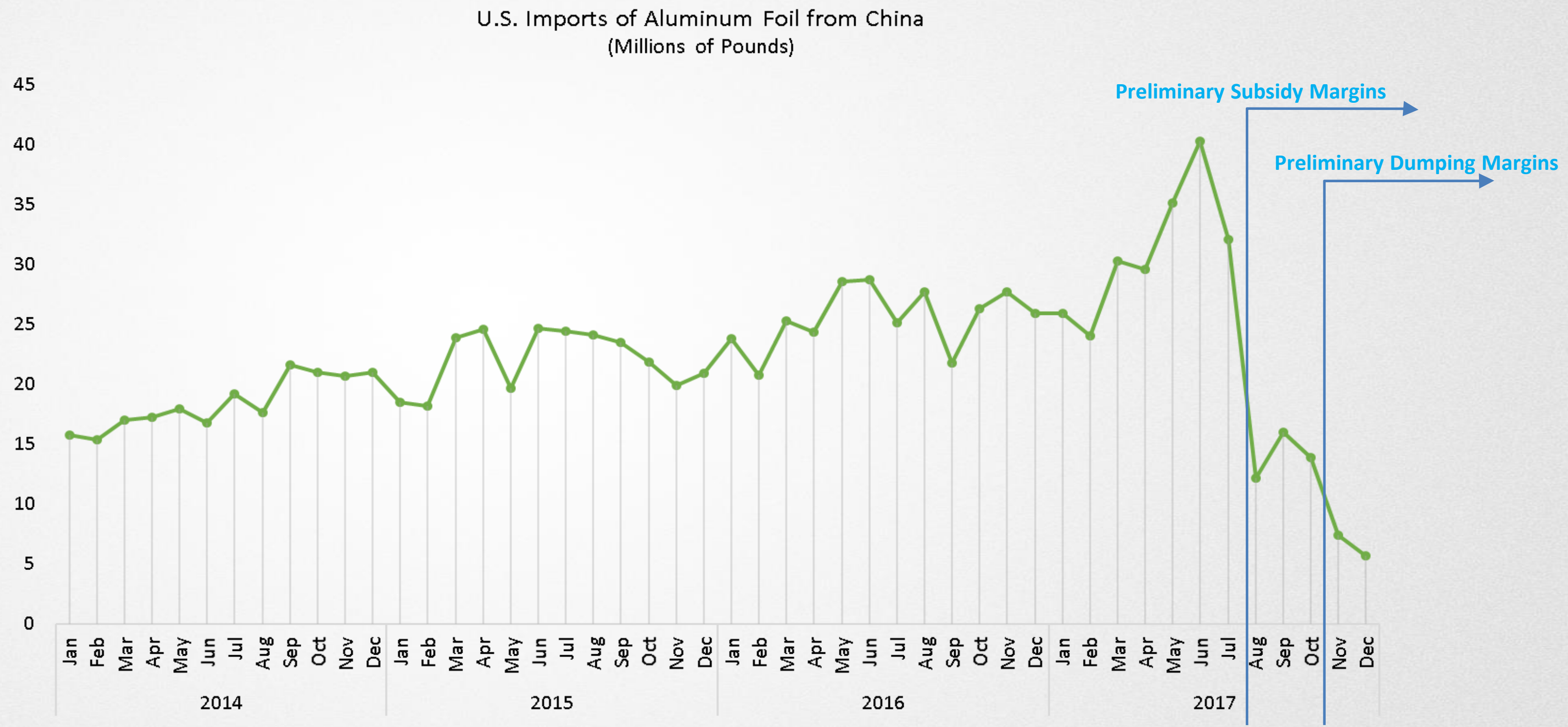
ADDRESSING TRADE RULES

- Aluminum Association initiated its **first AD/CVD case** on certain foil imports from China.
  - Department of Commerce investigated **26 separate foil subsidy programs** maintained by China
  - Imports of Chinese foil up 40% from 2014 – 2016
  - China accounts for **70% of foil imports** into U.S.
  - U.S. foil industry supports **20,000 jobs & $6.8 billion** in economic activity
  - **DOC Final AD/CVD Determinations:**
    - Final **antidumping margins** → 49 to 106%
    - Final **countervailing duty margins** → 17 to 81%
  - **ITC Final Injury Determination:** Voted 4-0 on March 15.
  - AD/CVD orders published on April 19.
- Supportive of Commerce Department's self-initiated case on **common alloy sheet**.

IMPACT OF PRELIMINARY DECISIONS



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AD/CVD CASE UPDATES CONTINUED

Common Alloy Sheet – Just Starting

- On November 28, 2017, Commerce Secretary Wilbur Ross announced the Commerce Department's decision to self-initiate antidumping and countervailing duty investigations on common alloy sheet from China
  - Estimated preliminary antidumping margin of 56.54 – 59.72 percent
  - Will investigate 26 different subsidy programs benefitting Chinese producers
  - Aluminum can stock (body and end/tab) is excluded

Timeline

- ITC Preliminary Injury Determination – January 12, 2018
- DOC Preliminary CVD (Subsidy) Determination – April 17, 2018 (margins ranging from 31 to 113 percent)
  - Triggers cash deposit requirements for U.S. importers from China
- DOC Preliminary Antidumping Determination – June 18, 2018
- DOC Final AD/CVD Determinations – Early November 2018
- Issuance of AD/CVD Orders – December 2018 / January 2019

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