

**Testimony of
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United States Department of Commerce
Section 232 Investigation on the Effect of Imports of Aluminum on U.S. National Security
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Thank you. My name is Garney Scott. I am the President and CEO of Scepter, Inc. My company is primarily engaged in the recycled aluminum market. I am here today in my capacity as Chairman of the Aluminum Association, a position I have been privileged to hold since October 2015.

The Aluminum Association represents the entire aluminum value chain – from primary producers, to recyclers, to fabricators, and their suppliers. Our members employ 161,000 workers have manufacturing operations in 35 U.S. states, and account for 70 percent of the aluminum and aluminum products shipped in North America, creating \$186 billion in economic activity.

The domestic industry remains a leader in innovative aluminum technologies and applications, but is at a juncture where it will either be able to take advantage of growth opportunities, or will continue to be irreparably injured by unfair trade practices that undermine its ability to do so. Our industry has been hurt, and its future is threatened by global oversupply. More specifically, the U.S. industry is being harmed by massive Chinese overcapacity resulting from substantial subsidies by the Government of China, such that China's capacity now far exceeds its domestic demand.

China's huge and growing aluminum oversupply has distorted the world market and adversely impacted U.S. producers of both primary and downstream products. Chinese oversupply has put severe downward pressure on world prices, which in turn has resulted in the shuttering of U.S. aluminum smelters and semi-fabricating facilities.

We have major concerns about China's rapid and aggressive expansion into value-added downstream products and their history of circumvention of U.S. duties through misclassification and/or transshipment through third countries. To bring its production into line with its domestic needs, and not export its oversupply, China needs to eliminate market-distorting policies and close or idle, at least 2MM metric tons of smelter and semi-finish annual plant capacity.

The trends in Chinese capacity, production, and exports have had enormous negative impacts on the U.S. aluminum industry, and have adversely affected an industry that is a vital component of our U.S. defense industrial base. In order for the U.S. aluminum industry to supply these defense needs and continue to provide jobs in our communities, we need to be competitive and economically healthy.

Absent actions that ensure robust and healthy commercial markets in the United States for aluminum and aluminum products, domestic producers will not be able to sustain their mills and facilities that also produce aluminum products that are vital for defense applications.

The U.S. aluminum industry embraces competition that is fair and transparent. We believe that it is vital that the Chinese government:

- Address the negative effects of long-running rampant overcapacity in both the primary and downstream sectors by closing smelters and semi-fabricating mills until demand can meet

supply – this includes, at a minimum, forcing inefficient, unpermitted, and antiquated facilities to close; and

- Pursue policies that align with its own stated sustainable development goals and eliminate subsidies, lending, and other incentives that artificially support its aluminum industry, and its resulting pricing practices that negatively affect world markets through its exporting of aluminum.

A 232 remedy should address the negative impacts of Chinese overcapacity in the United States and help protect an industry that is vital to the country's national and economic security. U.S. border measures will not fully address the problems we face because the domestic aluminum industry competes globally and has international supply chains.

Unless a broader agreement is negotiated to reduce and eliminate the massive overcapacity in China, the negative effects will persist and continued to threaten the U.S. industry's long-term health and vibrancy.

Thank you, Mr. Secretary.

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