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December 4, 2020

The Honorable Wilbur L. Ross, Jr.
Secretary of Commerce
Department of Commerce
1401 Constitution Ave. NW
Washington, DC 20230

Dear Secretary Ross:

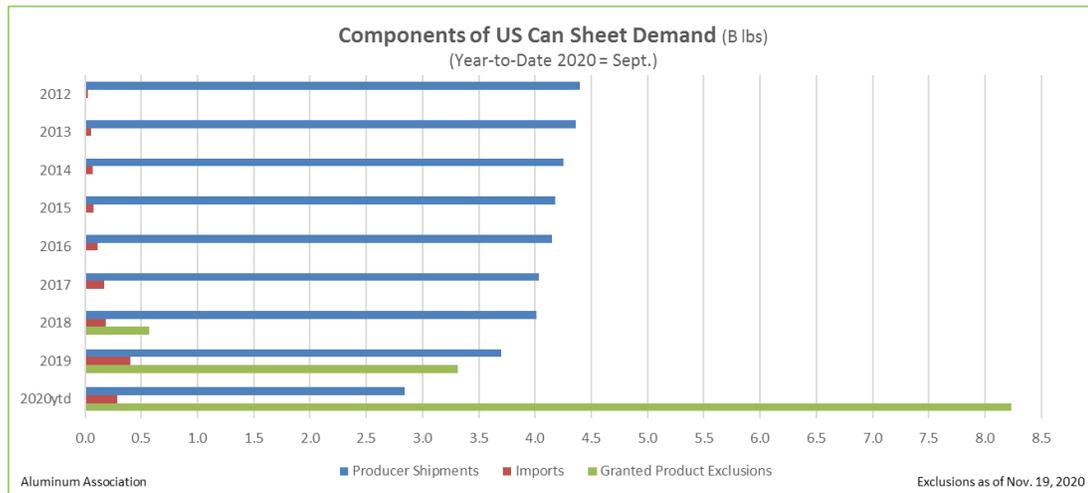
On behalf of the members of the Aluminum Association, I urge you to take swift action before year-end to finalize urgently needed changes to the Section 232 exclusion process for aluminum products. As the Association and industry leaders highlighted in a meeting with you in December 2019, and as addressed in the Association's written comments on the Department's Notice of Inquiry earlier this year, the current exclusion process is causing undue harm to U.S. aluminum companies and their employees by creating a magnet for imports of aluminum products and by undermining efforts of the domestic aluminum industry to defend its competitiveness.

The Aluminum Association represents the U.S. aluminum industry across the entire value chain. Our members produce more than 70 percent of the aluminum and aluminum products shipped in North America. As you know, aluminum is foundational to modern societies and to the U.S. economy. Its unique physical properties – light weight, corrosion resistance, infinite recyclability paired with the innovative application of alloys and manufacturing processes – make the metal a solution for a truly wide range of challenges in the 21st century. The U.S. aluminum industry generates more than \$70 billion in direct economic output, directly employs more than 166,000 workers and indirectly supports an additional 494,000 workers. A surge of aluminum product imports into the United States, incentivized by Section 232 exclusions, is a threat to U.S. aluminum companies.

We have shared with the Department's Bureau of Industry & Security (BIS) and the International Trade Administration (ITA) recommendations to reform and improve the Section 232 aluminum import exclusion process. Nonetheless, the Department continues to grant exclusions from the Section 232 tariffs on massive volumes of aluminum flat-rolled products – including imports from China.

These concerns have taken on a heightened urgency as we have seen new exclusions granted in recent weeks for massive volumes of aluminum products, like aluminum sheet used to manufacture beverage cans. Through December 3, the Department has granted this year alone Section 232 exclusions that cover 8.2 billion pounds of can sheet – more than 263% of the total annual market demand for can sheet in the United States. If U.S. importers fully utilize their granted exclusions over the next year, can makers and beverage companies could import enough

aluminum can sheet from overseas, at a discount from the domestic price, that they will not need to buy one pound of aluminum from U.S. aluminum mills over the next two years – and domestic producers would go from supplying more than 96% of domestic can sheet demand to zero. Consequently, those U.S. mills would not need to buy any primary aluminum or process any recycled material. This simply cannot be the outcome that you or the President is seeking, and we urge to take action to address this situation.



In addition to can sheet, exclusions have been granted this year for significant volumes of other flat-rolled products like aluminum foil, sheet and plate – even products that are currently subject to anti-dumping and countervailing duty orders. And unfortunately, there have been a number of exclusions for flat-rolled products granted this year despite domestic producer objections (and also in circumstances where there was no rebuttal to the domestic producer objection by the entity requesting an exclusion).

Increased imports (including imports that are benefiting from exclusions from Section 232 tariffs) are actively undermining the competitiveness of U.S. aluminum producers. Even as successful antidumping and countervailing duty cases have led to a sharp decline in unfairly traded imports to the United States from China of flat-rolled aluminum products like aluminum foil and common alloy aluminum sheet, overall U.S. imports of flat-rolled aluminum products were actually up in 2019 over the previous year. We know that Chinese aluminum producers are increasingly reliant on exports of semi-fabricated aluminum products – which hit a record 5.23 million metric tons in 2018 and nearly matched it 2019 – to maximize the use of their existing capacity and to justify additional, irrational capacity expansions.

The Aluminum Association has been glad to see the Department moving forward to launch an aluminum import monitoring system, and we are heartened by the bipartisan support on Capitol Hill for funding the program. We believe a new aluminum-specific import monitoring program administered by the Department will benefit domestic aluminum companies by helping government officials and industry stakeholders to better identify trends in trade flows and address aluminum misclassification, transshipment and evasion of duties. The Association and its members look forward to working the Department as it develops this new program. We also very much appreciate the Department's vigorous enforcement of the U.S. unfair trade laws in the various antidumping and countervailing duty proceedings that have come before the Department in recent years.

In the meantime, I strongly urge you to ensure the Commerce Department moves expeditiously to issue a Final Rule that will modify the Section 232 exclusion process based on input and comments submitted earlier this year. Additionally, to immediately address the concerns we have raised, I ask you to review granted exclusions and revoke those requests that were purposefully misleading or disingenuous – an issue that we have addressed previously with your staff and on which we would welcome further engagement. Rather than engaging in a good-faith effort to secure needed supply, some importers are actively trying to obfuscate their actions and hinder domestic aluminum producers from participating meaningfully in the exclusion process.

We appreciate the attention of the Commerce Department to this essential U.S. industry and would be pleased to provide additional information that could help implement changes to the Section 232 exclusion process. Without these necessary changes, the use of the Section 232 exclusion process by some stakeholders will continue to threaten the competitiveness of domestic aluminum manufacturers.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tom Dobbins".

Tom Dobbins
President & CEO