

Office of the President & CEO

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April 1, 2020

The Honorable Steven Mnuchin
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Jerome Powell
Chair, Board of Governors
Federal Reserve System
Eccles Federal Reserve Board Building
Washington, DC 20551

Secretary Mnuchin and Chairman Powell:

During this time of crisis, the U.S. aluminum industry is striving to operate its critical manufacturing facilities while doing everything possible to assure the health and safety of its workers, families and communities across the country. We know the country is depending on the metal produced by our industry to support healthcare, aerospace, transportation, construction, defense, packaging, water purification, infrastructure and many other critical segments of the U.S. economy.

The Aluminum Association represents the value chain of aluminum industry production and jobs in the United States, ranging from primary production to value-added products to recycling, as well as suppliers to the industry. We appreciate the swift action by the Treasury Department and its interagency partners to administer programs that support manufacturers, consumers, and workers during this public health crisis.

On behalf of America's aluminum producers, I strongly urge you to exercise the discretion laid out in the *Coronavirus Aid, Relief and Economic Security (CARES) Act* to ensure that programs to stabilize the economy are designed to include companies like those in the aluminum industry that play a foundational role across multiple industrial supply chains. You should ensure that the program's eligibility criteria do not exclude, on the sole basis of credit ratings, the companies that produce the aluminum and related products that are vital to so many critical manufacturers. Credit ratings are not the sole indicator of a company's ability or willingness to meet its financial obligations, nor a holistic view of long-term risk. Overly restrictive eligibility requirements could bar the Treasury Department from supporting this significant, fundamental segment of the country's manufacturing economy.

Additionally, I urge you to take measures that would backstop losses for trade credit insurers in order to keep liquidity in the marketplace, keep commerce flowing and prevent widespread disruptions in business. The federal government should use new or existing mechanisms to underwrite or backstop credit insurance to guarantee payment to suppliers if customers cannot meet the payment terms of their contracts. For example, we encourage you to consider a voluntary liquidity facility program for U.S. metals manufacturers under which the Federal Reserve would purchase financial instruments from such firms or provide zero-interest unsecured loans or loan guarantees.

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We are proud that the aluminum industry is recognized by the Department of Homeland Security as a core part of the critical manufacturing sector, and that the Departments of Commerce and Defense found the industry to be “vital” to national security. Aluminum is also designated as a critical mineral by the federal government. At last count, aluminum industry jobs in the United States had grown 3.5% since 2013 with investments and expansions to meet demand growth for aluminum – despite global trade challenges and a significant drop in employment in primary aluminum smelting.

Thank you for all your efforts to help us keep manufacturing facilities, including aluminum producers, open and operating safely during this national crisis.

Sincerely,

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

Tom Dobbins
President and CEO
The Aluminum Association