Testimony of Charles Johnson
President and Chief Executive Officer of the Aluminum Association
Factfinding Investigation: Greenhouse Gas Emissions Intensities of the U.S. Steel and Aluminum Industries at the Product Level
December 7, 2023

Good morning, Chair Johanson, Commissioners and Commission staff. I'm Chuck Johnson, president and CEO of the Aluminum Association – the leading voice for the U.S. aluminum industry. Our association represents more than 125 companies throughout the entire industry value chain, ranging from primary production to value added products to recycling, as well as industry suppliers and service providers.

We appreciate the opportunity to participate in today's hearing as part of the first ever fact-finding investigation on the carbon intensity of steel and aluminum products produced in the United States. The association and its members have been pleased to support this investigation through briefings on industry operations, arranging and participating in plant tours with ITC staff, answering questions raised by staff, and providing background data and information to help ITC during its draft questionnaire and proposed methodology development process.

Prior to my current role at the Aluminum Association, I spent many years leading the association's environmental policy work. So, this is an issue that is near and dear to my heart.

A bit of background on the U.S. aluminum industry today.

The aluminum industry is growing in the United States as more companies are turning to our lightweight, durable, infinitely recyclable material to make better products. Aluminum makes vehicles more efficient, packaging more recyclable and buildings more sustainable. Our metal is more affordable and provides twice the conductivity per pound than copper making it the preferred material for electricity transmission and distribution. Aluminum is even the most widely used mineral material in solar panels.

A World Bank analysis found that a robust effort to combat climate change could more than double global demand for aluminum by 2050.

It is no exaggeration to say that there is no green energy transition without materials like aluminum.

This growing shift has led to significant domestic investment -- with nearly $10 billion committed or spent to build and expand U.S. aluminum plants and operations over the past decade. This includes the building of two brand-new, state-of-the-art aluminum rolling and recycling mills currently underway. To provide some perspective on these investments, the last time we built **one** similar plant in the United States Ronald Reagan was president.

However, our industry is not without challenges. As aluminum recycling and semi-fabrication has grown, primary aluminum production in the United States has declined, driven by the twin challenges of electricity costs and unfair trade practices in China. Today, there are only 5 operational aluminum smelters in the United States, compared with more than three dozen in the 1980s. The U.S. industry benefits from – and is frankly reliant upon -- multiple low carbon primary aluminum smelters in Canada which use renewable hydropower and feed a great deal of U.S. demand. In addition, we still believe

there's an opportunity to build new, globally competitive smelters here in the United States which are predicated on the access to significant amounts of reliable, renewable, and competitively priced electricity.

The aluminum industry supports efforts to further decarbonize aluminum production. There are essentially two ways to do this. First, by reducing emissions in upstream production through new research and technology development and by decarbonizing the electric grid overall. Second, by recovering and recycling more scrap aluminum.

The industry is actively pursuing both of these goals through policy advocacy, research and investment.

We are also proud of the progress already made.

Over the past 30 years, we've cut the carbon impact of North American aluminum production in half. This data comes from a voluntary industry survey started by the Aluminum Association in the 1990s to estimate regional carbon emissions and other environmental data.

Our data sets -- which go through a rigorous, third-party review -- report on the life cycle impact of aluminum production and recycling. These detailed reports are fully transparent and available through our website at www.aluminum.org.

This robust survey and analysis has proven that North America boasts some of the cleanest aluminum production in the world. Technological advancements including manufacturing process controls; efficiency improvements due to economies of scale; the phasing out of old smelting technologies; and the replacement of coal-fired for renewable electricity in smelting have all contributed to this positive trend.

And our companies are working every day to do even better.

This makes a real and meaningful difference on global carbon emissions. We estimated that the accumulative emissions associated with aluminum products made in North America (Canada and USA) is only 5 percent of the global total, while emissions from China have a share of almost 75 percent. Making aluminum in China or the Middle East, which rely largely on coal and natural-gas-based electricity, can be two-to-three times as carbon intensive as making similar products here.

We will be submitting full written comments in advance of the January 5, 2024 deadline but I'd like to highlight a few key points about the USITC's own efforts to survey the industry about greenhouse gas emissions associated with aluminum production.

First, we recognize the challenges of obtaining corporate and facility level GHG emissions information and converting that into product carbon footprint data. In general, we believe the approach laid out by the ITC for collecting facility, process and product level data should provide the information that the USTR seeks.

Second, we are sensitive to the burden that data collection and completion of the questionnaire will place on covered facilities and ask that the Commission seek ways to balance that burden with the need

to gather necessary information to support calculation of product carbon footprints. Toward that goal, only specifically relevant and material GHG emissions information should be requested.

Finally, while the ITC proposed methodology notes that their flow paths are not meant to be an exhaustive list of all possible relationships between inputs and processes that could occur, we'll be providing additional specificity in our comments to ensure that they fully incorporate the varieties in which aluminum actually flows through these systems. We believe this is important so that the Commission can properly interpret the data received from responding facilities.

Again, we appreciate the opportunity to share our views with the Commission on this important issue. We share your goal to move toward ever more sustainable aluminum production. We hope and believe industry and government can work constructively together toward this shared purpose.

Thank you for your time and I look forward to taking your questions.

###