

July 18, 2017

The Honorable Secretary of Commerce, Wilbur Ross
U.S. Department of Commerce
Washington, DC 20230

Dear Mr. Secretary,

We would like to respond to the request recently made to exclude rolled aluminum can sheet and primary aluminum and ingot for food and beverage containers, lids, and closures from the scope of any actions that you might recommend to the President in connection with the Section 232 national security investigation on imports of aluminum.

As an industry directly impacted by Chinese overcapacity and unfair trading practices with respect to aluminum and aluminum products, we welcome the Section 232 investigation and encourage the Administration to consider actions that will specifically address Chinese overcapacity and its detrimental effects on U.S. producers and their workers.

For all our products, we are denied access to Chinese lower cost inputs while at the same time having to compete on price with subsidized Chinese products. We therefore believe that any action taken by the President under the Section 232 investigation should exclude U.S. imports of aluminum and aluminum products from countries that abide by trade laws.

For any action taken by the President to protect U.S. national and economic security efficiently, it should not allow for broad exclusions of Chinese products for the following reasons:

1. Broad exclusions are very likely to become means of entry for all Chinese products, as products can be misclassified when entering the U.S. market. Widespread reporting documents such as fraudulent practices already involving Chinese-origin aluminum.
2. Excluding can sheet products will likely result in China transferring its production from other rolled products to can sheet products. From 2012 to 2020, Chinese capacity of aluminum rolled products is expected to have increased at an annual rate of 9.3 percent; however, China's consumption is expected to only grow at an annual rate of 6.8. This overcapacity is forecasted to reach 7.0 million metric tons (MMT) by 2020. For comparison, the entire North American rolled product market was 4.2MMT in 2016.

This excess capacity is increasingly being exported to other Asian countries and to the U.S., where imports of aluminum sheet have more than tripled from 2012 to 2016, and have captured almost 10% of the U.S. market.

3. Health of the domestic industry relies on both high value-added products (such as products used in national defense) and higher volume products (such as can and automotive sheet), because large installed capacity at our plants requires substantial volumes to cover fixed cost. Excluding can sheet would directly impact competitiveness of these higher volume products, which would

then affect our capacity to invest in our U.S. plants and especially in our offerings for national defense, which represent around 5% of our revenue in the United States.

Our industry urges the Administration to take actions to promote a fair, equitable, and rules-based global trading system in which the U.S. aluminum industry can successfully compete. For the foregoing reasons, we respectfully request that the Commerce Department recommend actions to the President under Section 232 to address China's massive and growing overcapacity, without allowing for broad exclusions (with the exception of aluminum powder, as addressed previously by the Aluminum Association), and while protecting existing trading relationships with Canada and Europe.

Respectfully,

A handwritten signature in dark ink, appearing to read "Heidi Brock", with a stylized, flowing script.

Heidi Brock
President and CEO
The Aluminum Association