



June 25, 2020

The Honorable Robert E. Lighthizer
U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Lighthizer:

On behalf of the Board of Directors of the Aluminum Association, we would like to respond to your recent testimony to the House Committee on Ways and Means and the Senate Committee on Finance.

As senior executives from aluminum firms with operations throughout the United States, we greatly appreciate your efforts to reach agreements in 2019 with the Governments of Canada and Mexico that reinstated exemptions from Section 232 tariffs for our North American trading partners, creating a breakthrough for the eventual conclusion of the U.S.-Mexico-Canada Agreement (USMCA).

Those joint agreements, which prioritized a shared commitment to monitor imports from outside the region, have allowed for the return of consistent and reliable trade of aluminum and aluminum products within North America. This is particularly important as we move toward entry into force of the USMCA, which creates new preferences and incentives for U.S. manufacturers to source aluminum produced within North America.

We were therefore troubled by your testimony last week before both the House and Senate committees that you are concerned by a “surge” of primary aluminum imports from Canada and appear to be considering removing or otherwise modifying this needed exemption. **We strongly oppose any trade actions involving Canadian aluminum.**

The Aluminum Association is the voice of the aluminum industry in the United States, representing aluminum producers and workers that span the aluminum entire value chain from primary production to value-added products to recycling, as well as suppliers to the industry. Together, Aluminum Association member companies have announced or completed U.S. plant expansion

investments totaling more than \$3 billion since 2013, creating thousands of American manufacturing jobs across the country.

The challenges facing our industry are complex and global in scale, without easy solutions, but the association is dedicated to working with all industry stakeholders and with policymakers to ensure the long-term viability of the *entire* U.S. aluminum industry.

U.S. imports of primary aluminum from Canada today are consistent with levels prior to the implementation of Section 232 tariffs and below peak volumes experienced in 2017. Further, we see no evidence of transshipment or evasion of duties associated with the aluminum trade between the United States and Canada.

The association and its members are deeply committed to the enforcement of trade rules, and we are working closely with our allies around the world to fight for a more level global playing field. The current trade relationship with Canada is simply not a cause for concern within the aluminum industry.

The integrated North American aluminum supply chain has been a crucial element of the U.S. aluminum industry's ability to invest and grow over the past several decades. The U.S. aluminum industry needs a reliable source of input aluminum material to manufacture semi-fabricated products like aluminum foil, sheet, plate, wire, extrusions and other products. Even at full capacity, U.S. primary aluminum smelters can only meet about one-third of the demand for this vital material. The aluminum industry has no choice but to import a significant amount of primary aluminum to meet demand – the only question is from where?

Thankfully, USMCA will create new preferences for aluminum produced in the United States and Canada when the requirements and incentives for automakers and parts manufacturers take effect on July 1. We hope that demand for aluminum and aluminum products that originate in North America will rise accordingly, as negotiators and policymakers intended, and expect that cross-border aluminum trade will also rise to follow those trends. It is hard to think of a less opportune time to impose a barrier to rational and fair aluminum trade within North America.

The association has been consistent in calling for U.S. government action on unfair subsidies in designated non-market economies that lead to persistent overcapacity of aluminum. That subsidized overcapacity – exacerbated by Section 232 product exclusions from the Commerce Department – represents the true threat to the long-term viability of the U.S. aluminum industry. We strongly

encourage you to establish a public-private collaboration that brings together the USMCA partner governments and the North American aluminum industry to discuss and address trade flow patterns of concern and related policies. We also welcome the opportunity to collaborate with the U.S. government on actionable steps to enhance the viability and competitiveness of U.S. primary aluminum smelters.

We continue to experience economic disruptions related to the COVID-19 pandemic in real time. We have seen a reasonable shift in primary production globally from value-added products to commodity-grade products amid a significant drop in aluminum demand this year. At such a critical moment, we believe it is important for trade policy to be guided in a way that creates certainty and minimizes further disruptions – particularly within the USMCA region – while tackling the real challenges of subsidies and other market-distorting policies.

We appreciate your attention to the aluminum industry and welcome an open dialogue with you to discuss.

Sincerely,



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The Aluminum Association



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Jean-Marc Germain
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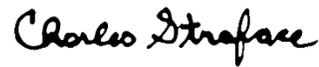
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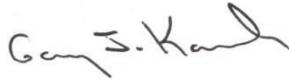
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