August 17, 2018

The Honorable David Malpass  
Under Secretary for International Affairs  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Under Secretary Malpass:

On behalf of the members of the Aluminum Association and the full value chain of the U.S. aluminum industry that it represents, I am grateful for the priority that the Administration has placed on strengthening this vital industry. With the market demand picture bright, and growth in the U.S. aluminum industry occurring, now is an excellent time to resolve trade issues between the United States and China. We note with interest your upcoming meeting with Vice Commerce Minister Wang Shouwen and other representatives from China. This is an important moment in U.S.-China relations, and we respectfully request that the issue of China’s structural overcapacity across the aluminum value chain be included on the U.S. agenda.

The Aluminum Association is the largest aluminum trade association in the United States, representing 113 member companies across the entire value chain that produce 70 percent of all aluminum shipped in North America. The association represents aluminum production and jobs in the United States, ranging from primary production to value-added products to recycling, as well as suppliers to the industry. The U.S. aluminum industry is a bright spot for manufacturing, with all indicators pointing to historic, record demand in 2017 and robust growth in the years ahead. Recently, the association released updated economic impact data that found the U.S. aluminum industry generates nearly $71 billion in direct economic output and directly employs more than 162,000 workers. Aluminum industry jobs have grown 3.5% since 2013 despite global trade challenges and a significant drop in employment in primary aluminum smelting. Importantly, the industry has announced more than $2.6 billion in investments and expansions in recent years.

At the same time, the association’s member companies have a shared belief that China’s trade distorting behavior drives massive structural overcapacity in both primary aluminum production and downstream products. This is a foundational problem confronting the industry not only in the United States but also around the world. For this reason, the Association has supported trade remedies that focus on China and leave market economies harmless.

While China’s temporary production cuts have made headlines, its capacity continues to increase and downstream aluminum products have been flooding into the U.S. market for years. China’s primary aluminum capacity grew about 9 percent from 2016 to 2017. In fact, China’s overcapacity in primary aluminum alone last year totaled 11 million metric tons, which is equal to nearly all U.S. aluminum demand.
This persistent capacity overhang is hugely disruptive to the global market and reduces certainty for future investment in the United States – a concern if we want to maintain our momentum.

Further, we have seen a 230 percent spike in downstream Chinese semi-fabricated aluminum product imports since 2012. The Aluminum Association has initiated or supported antidumping and countervailing duty cases to address illegal Chinese subsidies and unfairly traded imports in specific product segments. In two recent cases, we have seen measurable and significant impacts when AD/CVD tariffs were imposed on Chinese imports. The durable AD/CVD remedy is creating incentives for aluminum producers to invest and expand in the United States, and it is creating a more level playing field for the industry. To address the underlying issues of market-distorting subsidies in China, though, we strongly support a government-to-government agreement on aluminum overcapacity that would give long-term certainty to the industry.

Now that the United States has recognized the issue of overcapacity and is pursuing tangible commitments from China to address longstanding issues, we see a unique window of opportunity for the U.S. government to comprehensively address the persistent problem of Chinese aluminum overcapacity. With so many policymakers acknowledging the problem since the announcement of the 232 tariffs, now is the time to act on this issue impacting our growth in the United States and across global markets. I work closely with my international industry association counterparts, and I was pleased to join my colleagues who lead aluminum associations in Canada, Mexico, Europe, Japan and Brazil to send the attached letter to G20 leaders earlier this year. The letter renews a call for government dialogue specifically focused on bilateral trade negotiations. Ultimately, the best solution for the U.S. aluminum industry and the jobs its supports would be a negotiated agreement with China that results in measurable reductions in Chinese aluminum capacity across the aluminum value chain.

We look forward to working with you and your team as you tackle China’s unfair trading practices and fight for a robust U.S. aluminum industry.

Respectfully,

Heidi Brock
President and CEO
The Aluminum Association