

Dear Secretary Ross

We write today to express our concern that you may recommend remedies in the Section 232 investigation on aluminum that include the imposition of tariffs or quotas on imports of primary aluminum into the United States from certain countries. Tariffs on primary aluminum only, even if Canada were excluded, would impose a significant competitive disadvantage for American aluminum extrusion manufacturers versus their foreign competitors (including those in Canada). We believe that the core problem the Department's investigation should focus on is the significant global overcapacity of aluminum, which is driven by the massive overcapacity in China. The central problem is China. Therefore, any remedy imposed as a result of the 232 investigation should be narrowly focused on addressing the negative effects of overcapacity in China, including surging Chinese exports of aluminum extrusions and other downstream products.

We urge you to consider a comprehensive proposal developed by the Aluminum Extruders Council. We understand that this proposal would directly address China's massive overcapacity and targeting of the U.S. market for exports of aluminum extrusions and other downstream products. We have attached this proposal for your consideration.

If you instead recommend tariffs or quotas on imports of primary aluminum, imports of primary aluminum from Canada must be excluded from such measures in order to avoid undermining the competitiveness of American extruders, many of whom rely on primary aluminum from long-term suppliers in Canada. In addition, we advise you to impose a general tariff at the same level or higher on imports of aluminum extrusions and certain further downstream products from all countries, including Canada. This action is necessary to offset the advantage that Canadian aluminum extruders would have as a result of restrictions on U.S. access to primary aluminum.

In short, any remedies imposed as a result of the section 232 investigation must strike an appropriate balance by addressing Chinese overcapacity in primary aluminum while ensuring that American manufacturers of downstream aluminum products remain competitive against imports from China, Canada, and other countries.

Sincerely,

Proposal for Remedy Under Section 232 Investigation for Aluminum

This remedy proposal is designed to ensure the entire U.S. aluminum industry is able to meet the national security and critical infrastructure needs of the United States. The ability of the U.S. industry to meet the national security and critical infrastructure needs of the United States is impaired by the drastic reduction in global prices and oversupply of aluminum products in the U.S. and global markets – all of which are fundamentally a function of China’s massive overcapacity in all aspects of the aluminum sector. China maintains a web of schemes, taxes and subsidies, including restrictions on the export of primary aluminum that promotes overcapacity and overproduction of semi-fabricated aluminum products. Thus, to ensure the ability of the U.S. industry to meet the national security and critical infrastructure needs of the United States, the outcome of the Section 232 must focus on addressing China’s overcapacity and its policies that incentivize Chinese producers to export that overcapacity at uneconomical prices while also protecting the entire U.S. aluminum industry value chain. In order to give the U.S. and its trading partners as much leverage as possible to incentivize China to address its overcapacity and overproduction, this proposed remedy would focus specifically on China and how its overcapacity is impacting the entire U.S. aluminum sector. This remedy has three key components:

1) Impose a 100 percent duty on all aluminum of Chinese origin, including primary and semi-fabricated aluminum and the aluminum content of imports of certain semi-finished products where the aluminum is of Chinese origin. The scope of products upon which the duty would be imposed includes all products in chapter 76 of the Harmonized Tariff Schedule (HTS) as well as other semi-fabricated products classified elsewhere in the HTS, which we know or suspect China would target as a means to avoid the 232 tariff. At a minimum, these additional HTS lines would include all HTS lines covered by the scope of existing antidumping and countervailing duty orders against aluminum extrusions from China (including the related scope rulings), plus such items as truck trailers, curtain wall, storefront and window frames and products designated by the Department of Homeland Security as necessary to support critical infrastructure.

The Department of Commerce is already administering the existing antidumping and countervailing duty order on aluminum extrusions from China in a similar fashion. In that order, the Department imposes the duties on the aluminum content of products covered by the scope of the orders where the product contains nonaluminum content. This proposed remedy merely represents an expansion of the approach the Department is already undertaking. Under this approach, the Department would require the importer to provide a declared value of the aluminum content. Alternatively, the Department could develop standard aluminum content for each HTS line covered by the 232 tariff. The Department could rely on input/output tables prepared by the Bureau of Economic Analysis (BEA) as well as North American Industry Classification Codes (NAICS) prepared by the BEA and a concordance of NAICS codes to HTS lines prepared by the U.S. International Trade Commission to calculate standard aluminum content values for each HTS line.

2) This tariff should be extended to imports from countries where there is evidence that Chinese producers are using those countries as a location to circumvent, transship, reprocess, or otherwise avoid the imposition of the duties, including through diversion of that country’s aluminum exports. Any third countries upon which these duties are imposed should be given the opportunity to work with the Department to demonstrate that they have taken measures sufficient to prevent Chinese producers from being able to use those countries to avoid the tariffs and upon satisfactory completion of those steps the tariffs on imports from those countries should be lifted.

3) Work closely with our other trading partners to develop a coordinated, global response that prevents or limits the significant overcapacity in China and its surging exports of wrought aluminum products from artificially depressing global prices. Such coordinated action should be a precursor to global negotiations designed to reduce China's aluminum overcapacity.