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April 2, 2021

The Honorable Katherine Tai
U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Tai:

On behalf of the Aluminum Association and its member companies across the value chain of U.S. aluminum manufacturing, I would like to congratulate you on your recent confirmation and to sincerely thank you for serving in this vital role. We look forward to working with you and your team to ensure the U.S. aluminum industry can continue to support a robust workforce and a reviving economy.

Production of aluminum and aluminum products forms one of the key foundations of America's manufacturing economy. Nationally, the aluminum industry generates nearly \$71 billion in direct economic output and employs more than 166,000 workers that earn nearly \$13 billion in wages and benefits. The Aluminum Association's Board of Directors, comprised of senior executives from all segments of the U.S. aluminum industry, would appreciate the opportunity to meet with you to discuss several urgent issues under the jurisdiction of the Office of the U.S. Trade Representative (USTR) that significantly impact the U.S. aluminum industry.

When China joined the World Trade Organization (WTO) in 2001, China's political leaders agreed to play fairly by the global trade rules. Despite that commitment, it has for decades violated those rules and norms by providing unfair subsidies and implementing market-distorting policies to artificially boost key industrial sectors – including its domestic aluminum sector – in order to undermine fair competition from market economies. Distortions in international markets for aluminum have been examined in depth by the OECD, whose innovative analysis illustrated clearly the role of non-market forces inside China contributing to overcapacity in the aluminum sector. Existing trade rules are simply inadequate to discipline effectively activities of the state, and state-owned enterprises (SOEs), that distort international markets for aluminum and other sectors.

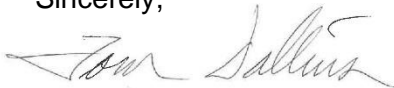
We urge you to work with your counterparts around the world – and particularly the trade ministers from G7 countries – to prioritize an action-oriented multilateral approach to inhibit the harmful financial subsidies that have been documented in China and to mitigate the opportunity for similarly distortive subsidies from rising elsewhere in the world. The U.S. aluminum industry and its global association partners are ready and willing to support those efforts. Only through a robust, comprehensive multilateral approach will market economies be able to establish a sustainable solution that stops the harmful dumping of subsidized aluminum and promotes a fair and open global market.

The past decade of aluminum demand growth has fueled significant investments in the mid- and downstream segment of the U.S. aluminum industry. As you know well, though, unfairly subsidized overcapacity is undermining fair competition in market economies for aluminum products through the entire value chain. Even as recent antidumping and countervailing duty (AD/CVD) orders in the United States have led to declines in unfairly traded imports of certain flat-rolled products and extrusions, China continues to aggressively export its unfairly subsidized aluminum products and distort the global aluminum value chain. The status quo approach to negotiations and enforcement have failed to rein in China's growing overcapacity. Despite well-documented overcapacity in subsidized primary production, China is reportedly bringing online this year an estimated 3 million tonnes (annually) of new aluminum capacity – more than three times the total production of primary aluminum in the United States last year. Meanwhile, China's exports of semi-fabricated aluminum products, despite falling slightly in 2020, continue to gain global market share. Left unaddressed, the market distortions created by this uneconomic overcapacity will diminish U.S. companies' ability to compete in both domestic and export markets – destabilizing investments and innovation in the industry, threatening growth and reducing jobs.

We are glad that you and the USTR team recognize the persistent and structural challenges posed by the unfairly subsidized aluminum overcapacity in China. We encourage the U.S. government to maintain Section 301 tariffs on aluminum imports from China, and we also ask that you consider investigating Section 301 evasion on aluminum products. We also urge you to work with your interagency colleagues to enhance enforcement of the trade rules within North America. While Canada has implemented a formal monitoring system to track aluminum imports and the U.S. Commerce Department is set to launch an Aluminum Import Monitoring (AIM) program, Mexico has not yet acted on its May 2019 commitment to adequately monitor aluminum imports. The lack of this important tool threatens the integrated North American market and the objectives of USMCA by creating an opportunity for unchecked Chinese imports into Mexico that could potentially evade Section 301 tariffs and undermine the AD/CVD orders on extrusions and flat-rolled products. Increased coordination and better tariff code alignment between the three governments, as part of ongoing USMCA implementation, would help all stakeholders more quickly identify and address surges or trends that hurt manufacturers in North America.

We are grateful for the attention of USTR to this essential U.S. industry and would be pleased to provide additional data and real-world examples – as well as recommendations – as you consider policies to address the fundamental challenges for U.S. aluminum manufacturers.

Sincerely,



Tom Dobbins
President & CEO