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July 23, 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, we greatly appreciate the opportunity to meet with you and discuss the trade policy priorities and recommendations of the U.S. aluminum industry. 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 21<sup>st</sup> century economy.

As we discussed, production of aluminum and aluminum products is a key foundation 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. We greatly appreciate that President Biden has prioritized an action-oriented multilateral approach to address key challenges for the U.S. aluminum industry, and we are eager to work with you and other Administration officials – in coordination with our network of global association partners – to support those efforts and to address the fundamental issues that impact the ability of U.S. aluminum manufacturers to compete on a level playing field over the long term. Only through a robust, comprehensive multilateral approach will market economies be able to establish a sustainable solution that stops the harms caused by unfairly-traded aluminum and aluminum products 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, unfairly subsidized overcapacity (primarily, but not exclusively, in China) is undermining fair competition in market economies for aluminum products through the entire value chain and stymying the opportunity for further growth in US production. China continues to aggressively export its unfairly subsidized aluminum products and distort the global aluminum value chain. The previous bilateral approach to negotiations and enforcement have failed to rein in China's continuously expanding and massive overcapacity, fueled by subsidies, so China's exports of semi-fabricated aluminum products continue to gain global market share. As reflected in a recent report by the Organisation for Economic Cooperation and Development (OECD), three years of Section 232 tariffs have done little to change Chinese industrial practices.

We appreciate that you recognize the persistent and structural challenges posed by the unfairly subsidized aluminum overcapacity in China, and we are heartened by the joint commitment by the U.S. and the European Union to address overcapacity in the global aluminum market. As you work to improve this vital bilateral relationship and normalize the U.S.-EU trading relationship, we urge you to work toward an agreement with Europe that emphasizes strong trade enforcement based on a common set of rules. The EU must demonstrate that it is joining the fight against heavily subsidized Chinese aluminum. And because the aluminum industry is different from the steel industry, we will need different solutions for similar challenges.

As the President pursues a whole-of-government approach on climate policy, and as you engage your counterparts in the EU and elsewhere on these policies, I ask you to give special consideration to the energy-intensive, trade-exposed (EITE) nature of the aluminum industry. Aluminum is particularly vulnerable to 'leakage' of jobs and carbon emissions to other countries, and any policy directed at EITE industries must account for primary aluminum production, secondary aluminum production, and downstream aluminum fabrication activities to fully consider value chain impacts on all segments of the aluminum industry. We are proud that aluminum is increasingly the sustainable material of choice for automakers, beverage and food companies, manufacturers of products that generate energy from renewable resources, building designers and others. The aluminum industry in the United States is devoting significant resources to and making significant progress in proactively addressing the climate and sustainability challenges of the 21<sup>st</sup> century.

We also urge you to work with your interagency colleagues to enhance enforcement of the trade rules within North America. The United States recently launched its Aluminum Import Monitoring (AIM) program, and Canada implemented a formal monitoring system to track aluminum imports in 2019, but 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 imports into Mexico that could undermine the AD/CVD orders on extrusions and flat-rolled products. Increased coordination and better tariff code alignment within North American and with Europe would help all stakeholders more quickly identify and address surges or trends that hurt manufacturers in North America.

Lastly, we know that trade policy alone cannot incentivize the extensive capital investments that are necessary to increase U.S. primary aluminum production. The United States needs a coordinated strategy to ensure a stable and resilient domestic aluminum industry, including support for modernizing current facilities, investments in R&D, access to low-cost renewable energy, and a long-term solution to unfairly subsidized overcapacity.

We are grateful for your attention to this essential U.S. industry, and we look forward to providing additional data and real-world examples – as well as recommendations – as you pursue policy outcomes that will benefit U.S. aluminum manufacturers.

Sincerely,



Tom Dobbins  
President & CEO