Aluminum Extruders Council
Fair Trade Group

Miami, FL
March 20, 2014
How has the AEC become *Indispensable*?

- **Fair Trade:** Together, we have saved the North American extrusion industry.
- **Industry Promotion:** Is helping you build a bigger industry.
- **Business Excellence:** Will help you create a better industry.
The Fair Trade Group (FTG) – A New Organizational Model

- There was a clear need for a dedicated resource
- Daily management of legal issues, communications, etc.
- Focused fundraising effort
- Planning, Actions, & Accountability

Legal Objectives
- Defend the Orders
- Protect Tariffs
- Scope Requests
- Circumvention

One SPA

Resources
- Program Director
- Fundraising
- Volunteers
- Legal Team
The Fair Trade Group (FTG) – A New Organizational Model

Legal Agenda – Key Challenges Facing our Industry

Funding – The 2014 Funding Agenda & Plan

Follow Up Q&A during lunch today
Vision: To manage the day-to-day activities required to execute our legal objectives

Job Description:

✓ All internal & external communications: written, digital,
✓ Read and make recommendations for all legal briefs
✓ Maintain notes, drive assign actions, set meetings, etc.
✓ Develop & drive fundraising efforts
✓ Manage vendor relationships
✓ Report to the AEC Board
Fair Trade

Communications
- Dedicated Blog (4-6 weeks)
- Trade Alerts (Breaking News)
- Press Releases & articles
- essentiALs contributions
- Uploads to website: aec.org
- Report to the AEC Board

Daily Management
- Manage all meetings & Calls
- Set actions & follow up
- Read legal briefs
- Offer recommendations
- Manage vendor relationships
- Invoice Review & Approval

Tactical

Strategic

☑ Lobbying Efforts
☑ Represent the AEC in trade councils
☑ Press Relations
☑ Fundraising: recruit payers & plan programs
☑ Negotiate annual legal agreements

Single Point of Accountability to manage the Program
The Fair Trade Group (FTG) – Legal Challenges 2014

- Two significant areas of concern: Duty Rates, Scope
- Duties: Functional rate is 43% after First Admin Review
- Scope Requests: 25 scope requests in 2013, 6 in January
- Legal Issues continue to mount:
  - Well into 2\textsuperscript{nd} Admin Review
  - 3\textsuperscript{rd} Admin kicks off in July 0f 2014
  - Unprecedented number of scope challenges
  - Expiry Review in 2016

We have faced the challenges and prevailed!!
Fair Trade

Legal Challenges and Agenda 2014

**Tariff Rates**

- Originally targeted a total between CVD and AD of about 40%
- Countervailing Duties (CVD) – Started at 376%, Now ~10%
- CVD rates reflect manufacturing costs/subsidies
- Anti-Dumping Rates (AD) – Started at 32-33%, Unchanged
- AD rates reflect sales prices as impacted by subsidized operations
- Reviewed every year – Administrative Review
- Other challenges can impact: GPX, Currency, Double-Counting

**Scope**

- Scope determines what will be covered – Range of Products
- Ours is the widest possible – up to fabricated kits
- Scope Challenges can come at anytime, by importers or exporters
- Scope decisions create precedents that impact other products
- Our cases averages 2+ requests per month

**Defending our orders has brought forth scores of actions**
**Defending the Tariffs**

- Four Appeals to the First Administrative Review
  - Whirlpool appeal goes to the heart of the CVD rate
  - Losing this appeal could effectively reduce CVD rates to 1-2%
  - We are determined to fight and win this case

- Surrogate Country Values
  - Used to compare a Chinese extrusion exporter production costs
  - This is how the DOC looks at non-market based economy
  - In the 1st Admin Review the DOC selected The Philippines
  - In the 2nd Admin Review we are pushing for Thailand

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**Defending our orders has brought forth scores of actions**
Scope Issues: Defending the ‘Bright Blue Line’

IN

Screen Door Kit extrusions
Drapery Rail Kits
Curtain Wall
Cutting/Marking Straight Edges
Motor Housing Cases
Kitted Fences (posts)
Kitted Fences (sections)
Display Tubing
Door Thresholds
Fin Evaporator Systems
Metal Bushings
Mop Parts

OUT

Louver assemblies
EZ Fabric Wall Systems
Motor Cases in Stators
Water heater anodes
Some Boat/Dock Ladders
Solar Panel Mounting System
Side Mount Valve Control
AA 5050 rails & trim
Finished Heat Sinks
Window Kits
Stands/Displays
Shower Doors
Trash Cans

44 Scope Requests have been completed of which 13 were excluded from the orders.
The Fair Trade Group (FTG) – Fundraising 2014

✓ This is a fight worth fighting & worth FUNDING
✓ All AEC US based members, suppliers, producers have funded
✓ This was done through the assessment program
✓ Several extruders have contributed additional funds
✓ The AEC Board estimates we need $1.3 MM annually
✓ It is estimated we’ll need $1.6 MM in 2016 (expiry review)

This year we will need everyone to contribute more!
The Fair Trade Group (FTG) – Fundraising 2014

Here's the Math from Last Year:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Contributions 2013</td>
<td>$850,000</td>
</tr>
<tr>
<td>AEC Matching</td>
<td>$150,000</td>
</tr>
<tr>
<td>2013 Total</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

Note: All of these contributions were made voluntarily in 2013

Last years expenses were $1 MM & covered
The Fair Trade Group (FTG) – Fundraising 2014

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<tbody>
<tr>
<td>Base Contributions 2013</td>
<td>$850,000</td>
</tr>
<tr>
<td>Member Matching Offer</td>
<td>$150,000</td>
</tr>
<tr>
<td>Members Meet that Offer</td>
<td>$150,000</td>
</tr>
<tr>
<td>Additional Contributions</td>
<td>$150,000</td>
</tr>
<tr>
<td>2013 Total</td>
<td>$1,300,000</td>
</tr>
</tbody>
</table>

Assumes everyone renews from 2013, Matching Fund Met, New contributors found

This year expenses expected to be $1.3 MM
The Fair Trade Group (FTG) – Fundraising 2014

<table>
<thead>
<tr>
<th>Action(s)</th>
<th>Timing</th>
</tr>
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<tbody>
<tr>
<td>Develop Plan, secure matching funds, initiate program</td>
<td>Jan, Feb 2014</td>
</tr>
<tr>
<td>Direct Contacts - Members, Confirm pledge renewals</td>
<td>March, April 2014</td>
</tr>
<tr>
<td>Contact non-members, vendors</td>
<td>April, May 2014</td>
</tr>
<tr>
<td>2015 Forward - looking</td>
<td>June, July 2014</td>
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</tbody>
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In closing...

- It is clear that the Chinese plan to outspend the US extrusion industry.
- Having been essentially thrown out of the market, they have nothing to lose and seemingly limitless resources.
- Chinese local market is fiercely competitive and capacity utilization is less than ~40%.
- This is not their first trade battle – they know the game.
- They clearly waited until after the first orders were issued and have targeted applications of interest to them.
- We are winning, we must win and will continue to win!!

2014 is a critical year. Your involvement is needed!!