



# Aluminum Extruders Council

## Fair Trade Group

Miami, FL

March 20, 2014

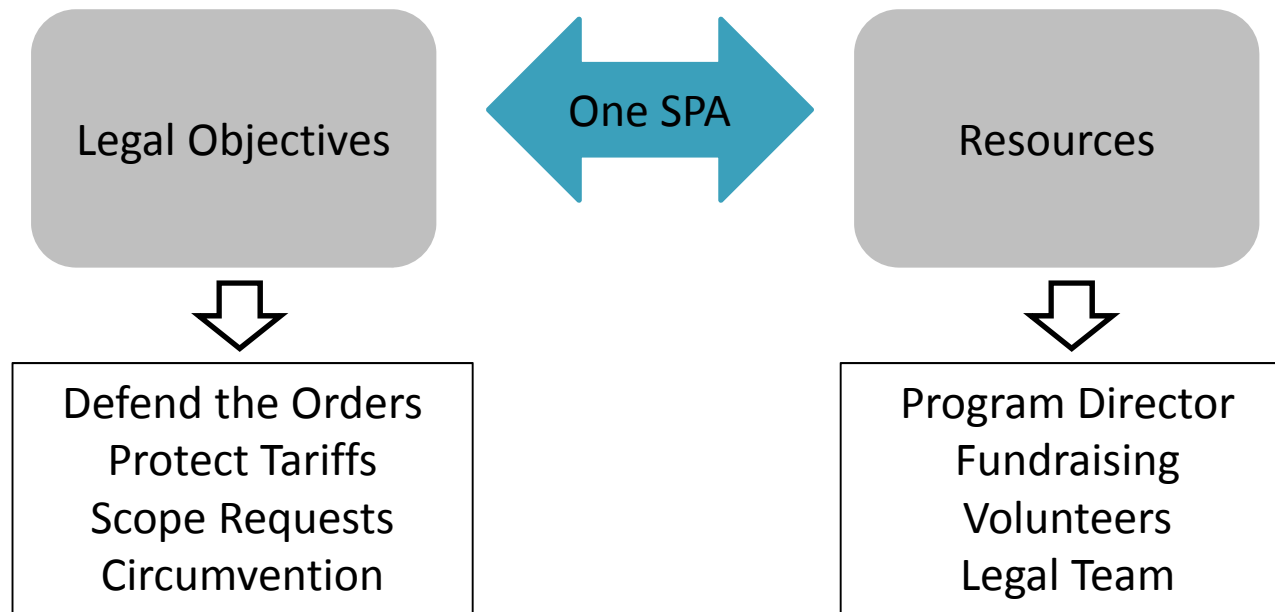
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# How has the AEC become *Indispensable?*

- ✓ 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.

*Making the AEC Indispensable*

## *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*

- ✓ 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
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*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*

*Single Point of Accountability to Manage the Program*

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## Tactical

### 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*



## 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<sup>nd</sup> Admin Review*
  - 3<sup>rd</sup> Admin kicks off in July Of 2014*
  - Unprecedented number of scope challenges*
  - Expiry Review in 2016*

*We have faced the challenges and prevailed!!*

## *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*

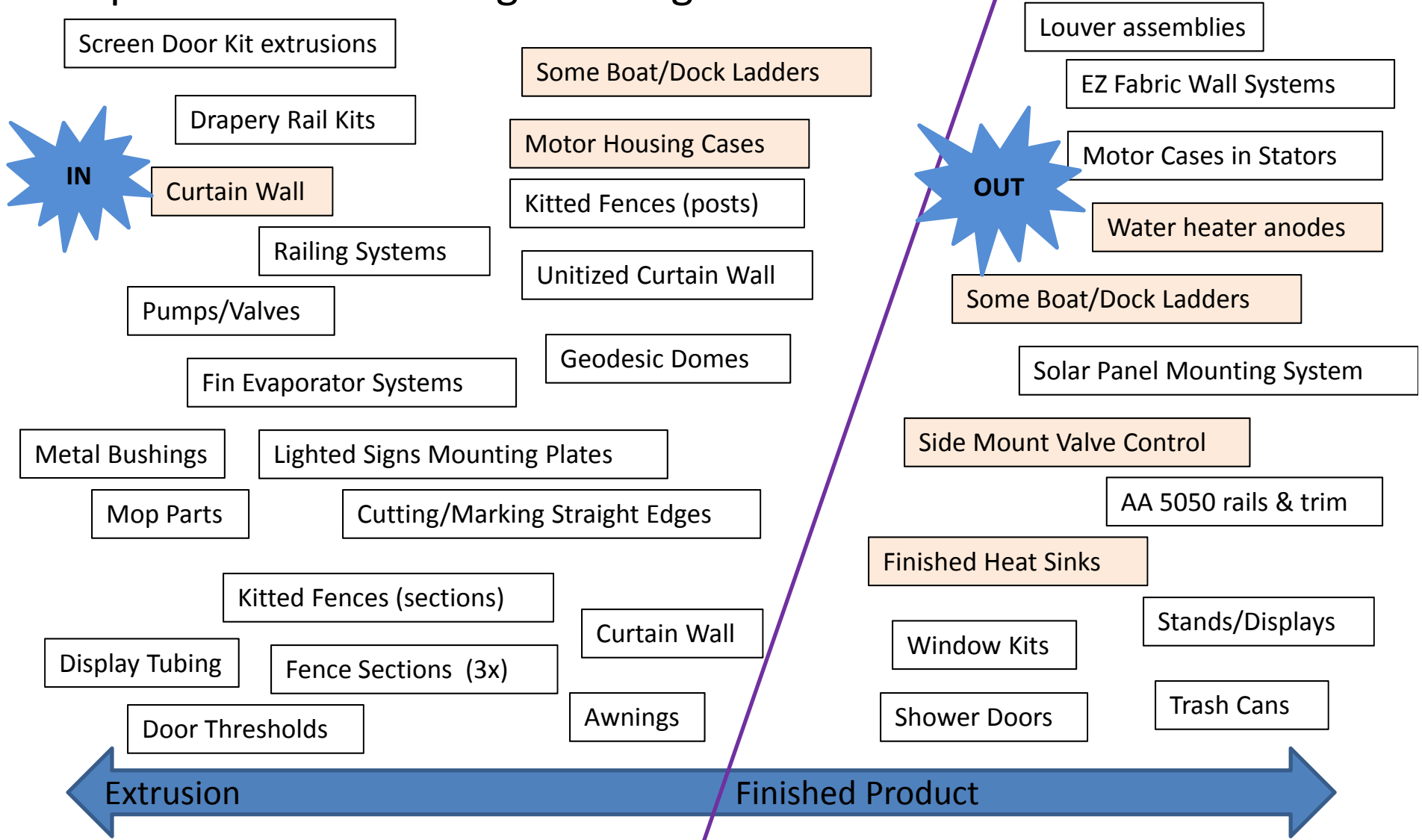
- ✓ Four Appeals to the First Administrative Review
  - ✓ Whirlpool appeal goes to the heart of the CVD rate
  - ✓ Losing this appeal could effectively reduce CVD rates to 1-2%
  - ✓ We are determined to fight and win this case
  
- ✓ Surrogate Country Values
  - ✓ Used to compare a Chinese extrusion exporter production costs
  - ✓ This is how the DOC looks at non-market based economy
  - ✓ In the 1<sup>st</sup> Admin Review the DOC selected The Philippines
  - ✓ In the 2<sup>nd</sup> Admin Review we are pushing for Thailand

*Defending our orders has brought forth scores of actions*

# Fair Trade



## Scope Issues: Defending the 'Bright Blue Line'



**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!*

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## *The Fair Trade Group (FTG) – Fundraising 2014*

**Here's the Math from Last Year:**

Base Contributions 2013	\$850,000
AEC Matching	<u>\$150,000</u>
2013 Total	\$1,000,000

Note: All of these contributions were made voluntarily in 2013

*Last years expenses were \$1 MM & covered*

## *The Fair Trade Group (FTG) – Fundraising 2014*

### **Here's the Math for This Year:**

Base Contributions 2013	\$850,000
Member Matching Offer	\$150,000
Members Meet that Offer	\$150,000
Aditonal Contributions	<u>\$150,000</u>
2013 Total	\$1,300,000

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*

<i>Action(s)</i>	<i>Timing</i>
Develop Plan, secure matching funds, initiate program	Jan, Feb 2014
Direct Contacts - Members, Confirm pledge renewals	March, April 2014
Contact non-members, vendors	April, May 2014
2015 Forward - looking	June, July 2014

*Together, we can do this!!*

## 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!!*

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