June 4, 2020

The Honorable Wilbur L. Ross, Jr.
Secretary of Commerce
U.S. Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Re: Aluminum 232 Tariffs Are Devastating America’s Aluminum Extruders Industry

Dear Secretary Ross:

The Aluminum Extruders Council (“AEC”) represents 112 American companies dedicated to advancing the effective use of aluminum extrusions in North America. As part of its overall mission, AEC is focused on enhancing the ability of its members to meet the emerging demands of the market through sharing knowledge and best practices. American extrusion and other downstream aluminum producers manufacture a vast array of products including sheet, plate, extrusions, forgings, and casts and are mostly small- and medium-sized businesses.\(^1\) We are proud that our extrusion products are vital components to most of the American industries deemed essential in this time of COVID-19, including healthcare, defense, transportation, etc. As a result, anything that hinders our industry’s ability to remain competitive will obviously hamper our ability to support those other essential services. Indeed, the domestic aluminum industry directly employs more than 162,000 people, with more than 692,000 domestic jobs supported by the production, processing and use of aluminum products.\(^2\) Domestically, 97% of all aluminum industry jobs are in mid-and-downstream processing.\(^3\)

AEC appreciates the Administration’s efforts to level the playing field for American manufacturers. This Administration has been aggressive and creative in targeting unfair trade practices and putting Americans back to work in a reinvigorated domestic manufacturing sector. Indeed, much of the Administration’s efforts have rightfully been targeted at China, and China’s predatory actions that have distorted markets the world over. China has been, and continues to be, a major cheater and threat to American extrusion producers. To directly address the injury from imports from China, in 2011 AEC successfully brought both antidumping and countervailing duty actions against aluminum extrusions from China.

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\(^2\) *Id.*

Our industry was starting to recover from the damage from the Chinese imports when the Aluminum 232 investigation was initiated. As the Administration undertook that investigation, AEC advocated that targeted trade measures and support on energy costs were the best steps Administration could take. Such steps would directly address the key issues facing the industry and not derail the recovery in the domestic extrusion industry.

I. Impact of the Aluminum 232 Tariff on the U.S. Aluminum Extrusions Industry

The implementation of the Aluminum 232 10% ad valorem tariff in 2018 focused primarily on upstream aluminum products required to produce fabricated extrusions, and thus put American fabricated extrusion producers at a significant competitive disadvantage versus our foreign competitors. American producers have seen raw material costs increase as a result of these tariffs. At the same time, our foreign competitors of fabricated extrusions are not subject to similar cost increases, and their exports to the United States are not subject to the Aluminum 232 tariffs. In fact, foreign extruders will fabricate an extrusion in the simplest of ways in order to avoid duties. This has resulted in a loss of sales, cost-price squeeze, and put American fabricated extrusion producers at a significant competitive disadvantage.

This competitive disadvantage is exacerbated by foreign producers shifting their production to downstream products not subject to the Aluminum 232 tariffs. We are now seeing surges in imports from countries that were not historically meaningful suppliers, such as Vietnam, Brazil, Costa Rica, Colombia, El Salvador, Serbia and Estonia. The impact of these imports has been devastating to US aluminum extrusion producers who are losing customers and sales to these imports.

While the stated purpose of the Aluminum 232 was to incentivize increased US production and manufacturing, the facts are that as of today, US production of upstream aluminum has actually declined. Indeed, with the recent closure of the Alcoa plant in Ferndale, Washington, we estimate that US raw aluminum production capacity will decline to 870,000 metric tons, or 21,000 metric tons lower than when the Aluminum 232 tariffs were first imposed. As a result of the growing shortfall in US production, extruders have no choice but to import and pay the Aluminum 232 tariff. The result is domestic aluminum extrusion producers will be placed at an even more significant competitive disadvantage. The administration should also consider that reduced domestic production of extrusions will also lead to a reduced demand for recycled aluminum, since extruders use more than 1.7 billion pounds of U.S. secondary aluminum annually. The bottom line is that any increase in Aluminum 232 tariffs will at best bring back several hundred jobs in the primary aluminum sector, but with a likely loss of tens of thousands of jobs in the aluminum extrusion industry and other downstream businesses.

II. Impact of COVID-19 Decline in Demand

AEC notes that the Aluminum 232 tariffs do apply to certain Aluminum extrusions under HTSUS Chapter 76. However, fabricated aluminum extrusions, which represent the major source of revenue for AEC’s members, are not covered by the Aluminum 232 tariffs.

The negative impact of the Aluminum 232 on American extrusion producers is being exacerbated by the COVID-19 pandemic and the resulting drop in consumption. The pandemic has already affected some major US downstream aluminum companies, namely, Novelis, Aleris, Arconic and Constellium. Novelis is partially closing its enormous 1,150-employee factory in Oswego, New York. Aleris halted production at its aluminum rolling mill in Lewisport, Kentucky. Arconic has idled two of its plants. Constellium reduced or suspended activities at some of its manufacturing sites. At least five other aluminum downstream companies are also experiencing difficulties due to the pandemic. Norsk Hydro has either closed or reduced production at 25% of its facilities. It is estimated that 40% of American extrusion producers have reduced production levels. General Aluminum Manufacturing has laid off 531 workers at three Ohio plants. Ross Casting & Innovation has suspended production in Sidney, Ohio, idling its 167 employees. Aludyne is laying off 115 workers at its Warren, Michigan facility. Manchester Tank & Equipment is permanently closing its facility in Bedford, Indiana, with the loss of 117 jobs.

III. AEC Request

We plead with the Administration to take quick and decisive action to protect US aluminum extrusion producers by providing relief from the Aluminum 232 tariffs. The AEC respectfully submits that the Aluminum 232 tariffs have simply resulted in encouraging foreign producers to flood the US market with foreign-made fabricated aluminum extrusions – without materially increasing aluminum production in the United States. These imports are devastating the American extrusion industry and will lead to further plant closures and layoffs.

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9 Id.

10 Id.

11 Id.


13 Id.

14 Id.

15 Id.
Under no circumstances should the Administration consider any increase in the 232 tariffs on aluminum. Any such increase would be a devastating blow to the American extrusion producers.

Without this tariff relief American extrusion producers will continue to compete at a significant competitive disadvantage against foreign imports. This will ultimately lead to the closure of American factories and the loss of American jobs.

Sincerely,

Jeffrey S. Henderson
President
Aluminum Extruders Council