THE ALUMINUM ASSOCIATION

Aluminum Agenda: Trade

Smart trade policy is essential to the future of U.S. Aluminum

The U.S. aluminum industry is part of a highly competitive global commodity marketplace. To compete on a fair and level playing field, the industry relies on a rules-based trading system and robust trade enforcement.

TARIFFS

Tariffs on imported aluminum products can help combat unfair trading practices and shore up U.S. aluminum supply chains by ensuring that imports entering the U.S. are fairly traded. Most aluminum products imported into the U.S. are subject to a 10% tariff authorized by Section 232 of the Trade Expansion Act of 1962. A unilateral tariff action alone, however, cannot create the favorable market conditions required for much-needed long-term investments in U.S. aluminum production.

The Aluminum Association supports:

- **A national policy to ensure a resilient U.S. aluminum supply chain:** Work with federal policymakers on a comprehensive national strategy to modernize both U.S. aluminum primary smelting and secondary recycling operations.
- **Trade agreements with strong, clear Rules of Origin:** Negotiate and implement trade agreements that strengthen the U.S. industrial base while amplifying our regional advantages. Such agreements can open markets for U.S. manufacturers, driving demand for aluminum across markets.
- **A transparent and predictable product exclusion process:** Ensure that the process is routinely refined to account for perceived or real shortcomings. In addition, the Commerce Department should review the list of aluminum products currently subject to General Approved Exclusions (GAEs) to re-examine whether the current list is appropriate.
- **Target tariffs on non-market economies:** As appropriate, negotiate Section 232 tariff exemptions on market-oriented countries. Ensure that any changes to current tariffs are managed carefully to avoid market shocks.
- **Continued Section 301 tariffs on aluminum imports from China:** Targeted tariffs on Chinese imports remain appropriate given continued excessive subsidies from the government.

Steel, Aluminum Tariffs: Not a One-Size-Fits All

Aluminum and steel are entirely separate industries that are positioned quite differently in the global economy. Policies should recognize these differences and be customized to strengthen these equally essential — but very unique — sectors of American manufacturing.

- Steel is largely a domestic industry, whereas aluminum relies on international supply chains.
- Steel is often produced entirely in one facility, whereas aluminum requires separate facilities, sometimes on other sides of the world, for smelting, rolling and processing.
- Steel is made from iron ore that is mined in the U.S., while aluminum is made from bauxite, a mineral that is not abundant in the U.S.

ENFORCEMENT

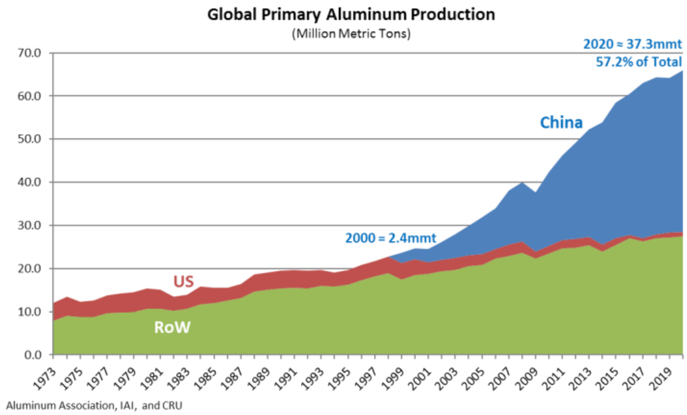
Aluminum is a globally traded commodity, and U.S. producers rely on a rules-based system and strong trade enforcement to compete on a level playing field. In recent years, the Aluminum Association has successfully pursued a number of trade enforcement actions under the U.S. antidumping and countervailing duty (AD/CVD) laws to address unfairly traded aluminum imports that injured domestic producers. More recently, Aluminum Association efforts led to a bipartisan agreement in Congress to create and fund the Aluminum Import Monitoring (AIM) system, a key tool to monitor trade flows and enhance enforcement activity**.** U.S. aluminum companies have competed successfully in the global marketplace for more than a century. But the industry cannot compete against foreign governments and firms that violate global trading rules.

The Aluminum Association supports:

- **Proactive U.S. trade policy agendas**: Address market access barriers, combats unfair trade practices, and opens up opportunities in foreign markets for U.S. aluminum producers.
- **Continued robust trade enforcement:** The U.S. government should use all available tools to fully enforce existing trade rules, including AD/CVD orders and mechanisms within trade agreements like the U.S.-Mexico-Canada Agreement (USMCA). Targeted trade remedies can effectively curb unfair imports.
- **Implementation and ongoing maintenance of the AIM system:** Continue robust funding and dedicated staff to maintain the Aluminum Import Monitoring (AIM) system. The AIM serves as an early warning mechanism to spot trends or shifts in trade flows that might warrant industry or government enforcement action. As new license and trade data are available in the monitor, the Commerce Department should work closely with the Association to analyze these trends and assess policy options to address emerging issues. Further, the U.S. should coordinate this monitoring with regional trading partners as much as possible. While Canada has implemented a formal monitoring program for aluminum imports, Mexico has not yet followed through on a commitment to do so. Mexico should be held to its commitment in this regard.
- **Increased monitoring and enforcement of trade rules by key trading partners:** Encourage trading partners to ramp up enforcement activity within their borders to avoid unfairly traded metal spilling over into new markets. After the U.S. implemented AD/CVD orders against China in the aluminum foil and common alloy sheet markets in 2018 and 2019, much of this unfairly traded metal shifted to several other countries, leading producers in those countries to start dumping in the U.S. Market-based economies must coordinate monitoring and enforcement activities to avoid a continual game of trade enforcement whack-a-mole.

SUBSIDIES & EXCESS CAPACITY

Government subsidies and other unfair policies, particularly in China, have led to excess capacity in the global industry for the better part of a decade. This creates an unlevel playing field, hurting U.S. aluminum workers and companies, making it nearly impossible sustain investments in primary aluminum smelters and semi-fabricated aluminum manufacturing. These subsidies upset well-established, market-based supply chains that support U.S. jobs.



The Aluminum Association supports:

- **Multilateral efforts to combat unfair trade practices:** Prioritize multilateral action in coordination with other market economies (particularly the Group of Seven countries) to address subsidies and market distortions from state-owned enterprises (SOEs).
- **Play a leadership role:** The U.S. should play a leadership role with the Organization for Economic Co-operation and Development (OECD), International Energy Agency (IEA), etc. in shaping the initiatives to rules for subsidies and state support.