



American Primary Aluminum Association

January 12, 2021

President-Elect Joseph R. Biden, Jr.
1401 Constitution Ave., NW
Washington, DC 20230

Dear President-Elect Biden,

On behalf of the American Primary Aluminum Association (“APAA”), we congratulate you on your election as the 46th President of the United States. APAA is the official association of American primary aluminum producers, including Century Aluminum and Magnitude 7 Metals and their workers. We look forward to working with you and your administration to address the challenges facing this vital industry as we work together to Build Back Better and unify the nation.

Both standard grade and high-purity primary aluminum are used extensively in defense, critical infrastructure, and other areas such as advanced medical equipment. Century’s Hawesville, KY smelter is the sole remaining North American source of high-purity aluminum, which is essential to a variety of military applications, including light-weight armor plating to protect U.S. troops in combat. The only other sources of commercial quantities of high-purity aluminum are principally located in unstable and unreliable countries such as China, Russia, and in the Middle East.

What remains of the U.S. primary aluminum industry is in peril because of the heavily subsidized expansion of primary aluminum smelting capacity around the world. From 2001 to 2016, the U.S. primary aluminum industry saw 18 of its 23 smelters shuttered. At the beginning of 2016, all U.S. primary aluminum facilities were slated for closure as a result of the collapse in prices due to the global excess capacity crisis. This crisis is not limited to a single source. It includes both U.S. allies and strategic competitors. In addition to China, the OECD has identified Australia, Brazil, the Gulf Cooperation Council (“GCC” i.e., Middle East countries), India, Norway, and Russia as providing significant subsidies to support their domestic primary aluminum smelters. Unlike the United States, there remains a large amount of state-ownership, control, and support of smelters around the world both in China and in places like Bahrain, India, Oman, Qatar, and the UAE. Large amounts of state subsidies in the aluminum industry further distort the market and create and maintain capacity that otherwise would not exist. If measures are not in place to counter them, these subsidies depress prices, distort trade flows, and otherwise threaten the viability of the U.S. industry and our economic and security interests.

As your Administration takes office, it inherits a program that has done just that without imposing undue burdens on trade with U.S. allies. In 2018, the Commerce Department determined that U.S.

imports of primary aluminum threatened to impair the national security. In response, the government-imposed 10 percent tariffs on imports from most sources under Section 232 of the Trade Expansion Act of 1962. Currently, all major sources of aluminum imports are subject to the program through either direct tariffs or soft quotas with retroactive application. As a result of these measures, prices have stabilized, and the U.S. industry has begun to recover. Total U.S. primary aluminum production has increased by nearly 60 percent, and two idled smelters were successfully restarted.

This is a global crisis that demands a global solution. Because primary aluminum is a globally traded commodity, the harmful price effects of subsidized excess capacity are transmitted regardless of source. If any sources are excluded from Section 232 coverage, imports from that source drive prices down throughout the market and undermine the positive price effects of the Section 232 measures as a whole. If the Section 232 measures are removed before balance is restored in the global market through the elimination of excess capacity and trade distorting subsidies, it is likely that the remaining U.S. smelters will be forced to shut down, leaving supply chains for this critical material vulnerable to disruption.

Thank you for your commitments to rebuilding domestic supply chains and ensuring that U.S. manufacturers like aluminum smelters can rebuild and recover from the effects of unfair trade and from the economic impact of the COVID-19 pandemic. We look forward to working with your administration to address these and other issues on behalf the U.S. primary aluminum industry and its workers and to help Build Back Better.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Duffy', with a stylized flourish at the end.

Mark Duffy
Chief Executive Officer
American Primary Aluminum Association