



Instituto Mexicano del Aluminio

Aluminium
Association
of Canada



March 26, 2019

To: President Donald J. Trump, United States of America
Prime Minister Justin Trudeau, Canada
President Andrés Manuel López Obrador, Mexico

On behalf of the North American aluminum industry, we encourage you to expeditiously resolve any national security concerns related to the Section 232 tariffs on aluminum products within North America and reinstate quota-free exemptions from the aluminum tariffs for Canada and Mexico before the United States-Mexico-Canada Agreement (USMCA) is implemented.

Our members benefit from robust, fair and rules-based trade of aluminum and aluminum products within North America. Fully resolving the Section 232 aluminum tariffs for Canada and Mexico, without quotas that would restrict our supply chains, will allow our countries to continue to invest in the aluminum industry. Together, the North American aluminum industry supports 852,000 direct and indirect jobs in our region.

The new USMCA cannot work as intended without reinstating exemptions for Canada and Mexico from the 232 tariffs. The Section 232 tariffs are limiting access for North American aluminum producers to reach their suppliers and customers – and in some cases, their own subsidiaries and facilities. This will hamper continued investment for our industry, which has experienced solid growth and significant investment in recent years.

Replacing a tariff with a quota on aluminum imports in North America would be highly detrimental. If there is a quota system for aluminum trade within North America, it will be difficult to ensure that downstream manufacturers of aluminum products will have access to the aluminum inputs they need. Because primary aluminum is a traded commodity on the London Metals Exchange (LME), metal traders would be competing with mid- and downstream producers who need value-added primary aluminum with specific characteristics for their manufacturing processes. Additionally, semi-fabricated aluminum products can cross borders several times before final production. In a worst-case scenario, product could get stuck on one side of the border when the quota has been filled. To avoid shortages, companies may be forced to stockpile the metal, tying up capital that could be used to pay employees or upgrade equipment and exacerbating the impact of a quota system.

The real problem facing the aluminum industry is the acute and persistent issue of illegally subsidized aluminum overcapacity from China, but tariffs or quotas against key trading partners and allies that operate as market economies do not address the China challenge and instead harm the overall competitiveness of the region – unfortunately, all to China's benefit.

We were pleased to see the USCMA recognize our region's common concerns about transshipment and the illegal evasion of duties, including provisions to promote increased cooperation and information sharing to address circumvention of trade remedy orders. This is an important priority for the aluminum industry as we ramp up collective trade enforcement activity across the region. The United States has successfully addressed unfairly subsidized imports of aluminum from China through its anti-dumping/countervailing duty (AD/CVD) investigations. Likewise, Mexico has initiated an AD/CVD case on aluminum foil imports from China. Canada recently moved to align its country of origin marking regime for steel and aluminum products to prevent transshipment and diversion of aluminum and steel.

Our respective governments recognize the need to protect against transshipment and continue to pursue effective trade remedies and robust enforcement. We believe that active monitoring and continued cooperation on this front will limit the ability of China to send unfairly subsidized aluminum into our shared market and address the national security concerns raised by the Section 232 on aluminum imports. We also stand ready to support our respective governments in addressing the fundamental problem of unfairly subsidized aluminum overcapacity in China.

We look forward to the resolution of the Section 232 aluminum tariffs and supporting USMCA implementation, because our aluminum producers need a reliable supply of primary aluminum and strong customer demand to fuel continued investment and hiring.

Signed,



Heidi Brock
President and CEO
The Aluminum Association



Fernando García
President and CEO
Instituto Mexicano del Aluminio



Jean Simard
President and CEO
Aluminium Association of Canada