

**REPUBLIC OF TURKEY
MINISTRY OF ECONOMY
Directorate General for Exports**

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Secretary of Commerce
Attention: Bureau of Industry and Security
Industrial Studies
Office of Technology Evaluation
Room 1093
U.S. Department of Commerce
14th Street and Constitution Avenue, NW
Washington, DC 20230

Attn: Brad Botwin
Director, Industrial Studies,
Office of Technology Evaluation

RE: *Comments of the Government of Turkey on Section 232 National Security Investigation of Imports of Aluminum*

Dear Mr. Secretary,

We, the Government of the Republic of Turkey (GOT), herewith submit our comments on Section 232 National Security Investigation of Imports of Aluminum.

Please contact the undersigned should you require clarification of any aspects of this submission.

Respectfully submitted,



**Hakan KIZARTICI
On Behalf of the Minister
Deputy Director-General
Directorate General for Exports**



**REPUBLIC OF TURKEY
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**TURKEY'S VIEWS REGARDING THE SECTION 232 INVESTIGATION
INITIATED AGAINST ALUMINUM IMPORTS BY UNITED STATES**

This document includes Government of Turkey's (hereinafter referred to as "GOT") views regarding the Section 232 investigation initiated by United States against aluminum imports.

1. General Remarks

On April 27, 2017, the Department of Commerce ("DOC" or "the Department") initiated an investigation under section 232 of the Trade Expansion Act of 1962, to determine the effects on the national security of imports of aluminum.

Pursuant to the notices which were published in the Federal Register dated May 9, 2017 and June 2, 2017, interested parties are invited to submit written comments, data, analyses, or information pertinent to this investigation until June 23, 2017.

First of all, GOT would like to thank the Department for providing the opportunity to submit its comments on the related investigation.

Turkey believes that the DOC will take into account all the points raised by Turkey in this document.



**REPUBLIC OF TURKEY
MINISTRY OF ECONOMY
DIRECTORATE GENERAL FOR EXPORTS**

June 23, 2017

2. Remarks on Aluminum Industry in Turkey

Turkey has always been a net importer in global aluminum market. Since 2012, Turkey's total trade deficit in aluminum industry amounted to 4,1 billion USD. In the last 5 years, Turkey's aluminum exports amounted to 2,2 billion USD, 2,3 billion USD, 2,5 billion USD, 2,3 billion USD and 2,2 billion USD, respectively. On the other hand, imports into Turkey amounted to 2,9 billion USD, 3,2 billion USD, 3,5 billion USD, 3,3 billion USD and 2,8 billion USD. While the biggest export markets of Turkey are European Union countries such as Germany, United Kingdom, Italy and France; most of the imports into Turkey are from Russia, Malesia, Germany and China.

Turkish aluminum sector is still in the development stage and almost entirely dependent on imported unwrought aluminum, as well as imports of higher-end semi-manufactured products. The aluminum produced in Turkey is low-technology and mostly used for building and construction purposes. Due to the technology and plant capacity available in the Turkish aluminum sector most of the Turkish companies are not able to produce high value-added products such as profiles or flat rolled products in high-strength alloys, which are used in defense, aerospace and other engineering purposes. Half of the demand for flat rolled products and foil (HS Codes 76.06 and 76.07) is met by imports.

3. Remarks on the Bilateral Trade between Turkey and the United States

United States is traditionally a very important trading partner of Turkey and bilateral trade has almost doubled in the past decade to 17.4 billion USD in 2016. US has always been enjoying a comfortable trade surplus against Turkey, which ranges between 4 to 8 billion



**REPUBLIC OF TURKEY
MINISTRY OF ECONOMY
DIRECTORATE GENERAL FOR EXPORTS**

June 23, 2017

annually, with a peak in 2011 with 11,4 billion USD. The trade deficit amounted to 67,9 billion USD on a cumulative basis in the last decade.

Two countries' long term economic goals are increasingly intertwined and it is important to create, not deteriorate, conditions for further economic growth. Especially considering that historically Turkey and U.S. also share common security interests as allies, it would be a wrong thinking that aluminum imports from Turkey may harm essential security interests of US.

On the contrary, Turkey always had a significant trade deficit against US in bilateral aluminum trade. From 2012 to 2016, value of aluminum exports from Turkey to US amounted to 24.3 million USD, 22.5 million USD, 30.3 million USD, 35.1 million USD and 42.3 million USD respectively, while in the same period value of aluminum imports from US amounted to 39.6 million USD, 66 million USD, 37.8 million USD, 48.8 million USD and 57 million USD, respectively.

3.1. Remarks on Exports of Turkey to U.S.

On the other hand, United States has never been a target market for Turkish aluminum exporters. In fact, among the destinations for Turkish aluminum exports in the last five years – from 2012 to 2016-, US ranked 23rd with a share of % 1.08, 25th with a share of % 0.95, 24th with a share of % 1,19, 20th with a share of % 1.48 and 17th with a share of % 1.89, respectively.

From the perspective of the US imports, Turkey has also never been among the top thirty aluminum suppliers in the US Market. Turkey's share in United States' total imports of aluminum changed between % 0,13 and % 0,2 in the last 10 years.



**REPUBLIC OF TURKEY
MINISTRY OF ECONOMY
DIRECTORATE GENERAL FOR EXPORTS**

June 23, 2017

One of the main reasons of US being less attractive for Turkish aluminum exporters is the transportation costs. Generally, shipping costs to US are on average 45-60 USD higher per ton than to Europe. As an example, current shipping costs from Istanbul ports to Savannah is 108 USD per ton; whereas it is 50 USD per ton to Felixstove in the UK. The distance and resulting shipping costs is among the factors that deteriorates the competitive position of Turkish companies in the US aluminum market.

Furthermore, as mentioned earlier, available technology and plant capacity in the Turkish aluminum sector, puts strict limits on both quality and quantity of aluminum products that can be exported to the US. Turkish companies are not able to produce profiles or flat rolled products in high-strength alloys. In terms of value “waste and scrap” (76.02), “bars, rods and profiles” (76.04) and “plates, sheets and strip” (76.06) constitute over half of the exports of Turkey to US. These products of aluminum are low-technology and mostly used in building and construction purposes.

3.2. Remarks on US Exports to Turkey

As mentioned earlier, Turkey always had a significant trade deficit against US in bilateral aluminum trade. US originating aluminum imports into Turkey although relatively small in terms of value, mostly consist of high value-added products used in defense, aerospace and other engineering applications. As these sectors are expected to develop further in Turkey, imports from US are also expected to increase.

Having in mind the abovementioned facts, there is a healthy trade relationship between two countries which can only help strengthen the aluminum industry in US and Turkey.

4. Remarks on Aluminum Industry in U.S.



**REPUBLIC OF TURKEY
MINISTRY OF ECONOMY
DIRECTORATE GENERAL FOR EXPORTS**

June 23, 2017

According to TradeMap statistics, in terms of import quantities, United States' imports of aluminum has a stable trend until 2014, which changes between 4,3 million tons and 5,1 million tons. For the last 3 years, aluminum imports increased at the rate of % 6,1 in 2014, % 8,3 in 2015 and % 20,9 in 2016 respect to the previous year.

When we examine the statistics closely, it can be seen that the primary cause of the rising trend in aluminum imports in United States is the rise of the imports of "unwrought aluminum", which is a primary input for aluminum production. The rate of increase in imports of unwrought aluminum to United States is % 5,64 in 2014, % 8,8 in 2015 and % 28,43 in 2016.

United States International Trade Commission (USITC) published a report named "Unwrought aluminum – Industry & Trade Summary" in March 2010. In the mentioned report USITC stated "*Unwrought aluminum can be manufactured using either of two forms of production: primary or secondary. The production of primary unwrought aluminum requires the use of raw materials (bauxite and alumina)..*"

According to "Bauxite and Alumina Summary" which is published in 2017 by United States Geological Survey (USGS), the reserves in United States are very low with respect to the total reserves in the world with a share of % 0,08. Therefore, US naturally needs to import the raw materials to produce primary aluminum or import the primary aluminum itself to satisfy the demand of aluminum manufacturing industry.

In this context, Turkey is of the opinion that the general rise of the imports of US under chapter 76 is mainly due to the rise in primary aluminum which is a raw material necessary to continue production of the aluminum products.

5. Conclusion



**REPUBLIC OF TURKEY
MINISTRY OF ECONOMY
DIRECTORATE GENERAL FOR EXPORTS**

June 23, 2017

Turkey is not a major supplier in US market due to several reasons such as available technology, product range, and transportation costs in Turkey. On the contrary, US has a surplus both in aluminum trade and as well as total trade with Turkey. As such, it is clear that imports of aluminum from Turkey is far from harming the US national security interests.

Turkey believes that the Department will give prominence to the points raised in this document and conclude that the import of aluminum from Turkey does not threaten the national security of United States.