



June 22, 2017

**VIA EMAIL ([aluminum232@bis.doc.gov](mailto:aluminum232@bis.doc.gov))**  
**VIA HAND DELIVERY**

Mr. Brad Botwin  
Director, Industrial Studies  
Office of Technology Evaluation  
Bureau of Industry and Security  
U.S. Department of Commerce  
1401 Constitution Avenue, NW  
Room 1093  
Washington, DC 20230

Re: Comments of the Government of the United Arab Emirates Ministry of Foreign Affairs on the U.S. Department of Commerce Section 232 Investigation of Aluminum Imports

Dear Mr. Botwin:

On behalf of the Ministry of Foreign Affairs of the Government of the United Arab Emirates ("MOFA"), we hereby respectfully submit comments for the Department's consideration in connection with the Bureau of Industry and Security ("BIS") notice announcing an investigation of the effects of U.S. aluminum imports on national security pursuant to Section 232 of the Trade Expansion Act of 1962, as amended.<sup>1</sup>

In this submission, MOFA addresses the following three issues: the relevance of existing multilateral and bilateral mechanisms to evaluate the concerns underlying this investigation; the economic and strategic context for UAE exports of aluminum to the United States; and the significance to this investigation of the WTO rules-based trading system, which the United States played a lead role in developing.

**I. The United States Should Take Advantage of Existing Multilateral and Bilateral Mechanisms to Address the Issues Underlying this Investigation**

MOFA understands that BIS is evaluating whether the United States should impose restraints on imports of aluminum in order to ensure that the U.S. aluminum industry is able to adequately supply U.S. defense and national security needs. MOFA respectfully submits that such restraints, imposed unilaterally, would be highly disruptive to value-added aluminum production in the United States, with negative effects for both U.S. manufacturing employment

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<sup>1</sup> See 82 Fed. Reg. 21509 (May 9, 2017); 82 Fed. Reg. 25597 (revising deadline for submission of comments from June 29, 2017, to June 23, 2017).

as well as for the thriving bilateral economic and strategic relationship between the United States and the UAE.

MOFA also encourages BIS to carefully consider and utilize the mechanisms that are already available for evaluating and remedying concerns of the United States with respect to global aluminum capacity and trade trends. In this respect, MOFA references the recent call of The Aluminum Association to the G-20 to establish a Global Forum on aluminum excess capacity. MOFA believes that a multilateral approach will be the most effective and least disruptive way for the United States to address the concerns underlying the instant Section 232 investigation.

More specifically, with respect to U.S. imports of aluminum originating in the UAE, MOFA emphasizes that the two countries established an Economic Policy Dialogue (“EPD”) to address issues precisely such as those before BIS in this investigation. In light of the UAE’s position as a leading U.S. export market in the Middle East, combined with the many U.S. manufacturing jobs supported by UAE-made aluminum exported to the United States, now is the time to revitalize the EPD as a forum for addressing the issues in this investigation.

## **II. The UAE Is a Vital Economic and Strategic Partner of the United States**

As BIS is aware, UAE-origin aluminum plays a significant role in the robust trade and investment relationship between the United States and the UAE. Owing to its fair trade policies, economic growth, and history of economic partnership with the United States, the UAE is the largest export market for U.S.-origin goods in the Middle East. Over the past decade, U.S. exports to the UAE grew by 118 percent, with the United States enjoying a \$19 billion trade surplus with the UAE in 2016. This surplus has been fueled by U.S. exports of aircraft, spacecraft, and related parts; electric machinery and sound/TV equipment; vehicles; nuclear reactors; and other high-value manufactured items.

In fact, according to United Nations Comtrade data, U.S. exports to the UAE are nine times higher, by value, than UAE exports to the United States. Aluminum accounts for 27 percent of total UAE exports to the United States, but only 3 percent of the value of all U.S. exports to the UAE.

Furthermore, the two countries also enjoy strong bilateral investment ties. The UAE has trade relations or investment ties with every single U.S. state. At the same time, over 1,500 U.S. firms have invested in the UAE, many of which employ the UAE as a hub for regional operations. These commercial ties between the UAE and United States support some of the most innovative and value-added U.S. manufacturing industries, including semiconductors (GlobalFoundries, a 100 percent UAE-owned company producing leading-edge chips in New York State), and commercial aviation (Boeing, for which UAE companies are among the world’s largest purchasers), and nuclear power generation equipment (Westinghouse).

The UAE aluminum industry plays a key role in developing stronger U.S.-UAE commercial ties. It contributes to high-quality U.S. jobs by purchasing capital equipment for its production facilities from U.S. suppliers. In the context of this robust U.S.-UAE economic relationship, the UAE aluminum industry has strongly supported U.S. value-added manufacturing – and with it, thousands of well-paid U.S. manufacturing jobs – through its longstanding and constructive engagement with the U.S. market. Indeed, the UAE industry purchased more than \$500 million of capital equipment for a recently constructed smelter in Abu

Dhabi from U.S. suppliers, particularly GE. Such purchases from U.S. manufacturers directly support well-paid jobs at those U.S. supplier companies and spur U.S. export activity.

The UAE contributes materially to the security of the United States not just through the myriad commercial ties summarized above, but also through its long-term, allied relationship with the United States. According to the U.S. Department of State, “[t]he United States and the UAE enjoy strong bilateral cooperation on a full range of issues including defense, non-proliferation, trade, law enforcement, energy policy, and cultural exchange,” while working together “to promote peace and security, support economic growth, and improve educational opportunities in the region and around the world.”<sup>2</sup> BIS should evaluate the UAE’s role in supplying the U.S. aluminum market in the context of this broader U.S.-UAE strategic relationship.

Moreover, the UAE plays a key collaborative role with the United States to promote regional peace and security in the Middle East, providing essential support for U.S. troops, aircraft, and vessels in the Middle East region. During the past 25 years, UAE and U.S. military forces have worked together on six military coalition actions, including the First Gulf War, Kosovo, Afghanistan, and Libya.<sup>3</sup> Furthermore, in 1994, the United States and UAE entered into a Defense Cooperation Agreement that permits the United States to base troops and equipment within the UAE and facilitates cooperation on both training and operational missions. With respect to current joint military efforts, the Al Dhafra Air Base currently hosts more than 3,000 U.S. military personnel and is a vital strategic base for multinational efforts to confront the Islamic State of Iraq and the Levant (“ISIL”).<sup>4</sup> Additionally, U.S. naval vessels depend on two major ports in the UAE to support maritime security operations in the Arab Gulf, including the Jebel Ali port, which is the foreign port most frequently visited by U.S. naval vessels.<sup>5</sup>

Outside conventional military cooperation, the UAE and the United States have closely coordinated to stop the flow of illicit funds and influx of foreign fighters to the Middle East region and counteract extremism. These efforts include a joint financial counterterrorism task force that has successfully prevented terrorist organizations from gaining revenue through illegal oil sales and access to the international banking system.<sup>6</sup> More broadly, the UAE actively supports U.S. strategic efforts to prevent the proliferation of nuclear weapons and protect regional energy supplies.

Beyond being a strategic defense partner, the UAE is one of the largest net importers of military assets, “offering vast potential for U.S. exporters,” according to the Department’s International Trade Administration.<sup>7</sup> In particular, the UAE was the top importer of U.S. defense articles in 2013 and continued to rank fifth in 2015, accounting for 6.4 percent of total U.S.

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<sup>2</sup> U.S. Department of State, *U.S. Relations with United Arab Emirates* (February 2, 2017), available at <https://www.state.gov/r/pa/ei/bgn/5444.htm>.

<sup>3</sup> Embassy of the United Arab Emirates, *Share Commitment to Regional Security* (Accessed June 3, 2017), available at <http://www.uaeusaunited.com/story/omnibus-security/>.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> Embassy of the United Arab Emirates, *Stopping the Spread of Extremism* (Accessed June 3, 2017), available at <http://www.uaeusaunited.com/story/stopping-extremism/>.

<sup>7</sup> International Trade Administration, *2016 Defense Markets Report* (June 2016), available at [http://trade.gov/topmarkets/pdf/Defense\\_Top\\_Markets\\_Report.pdf](http://trade.gov/topmarkets/pdf/Defense_Top_Markets_Report.pdf), at 19.

defense exports.<sup>8</sup> ITA further projects that defense exports to the UAE will grow by 20.6 percent during the next five years, one of the largest projected growth rates for U.S. defense exports in the world.<sup>9</sup> This defense trade cooperation, combined with the UAE's long-term strategic relationship with the United States, reflects a shared commitment by the two countries to advance regional stability and commercial ties.

### III. Any Remedy Recommended by BIS Should Accord with U.S. Obligations Under the WTO Agreements

Since enactment of Section 232 of the Trade Expansion Act of 1962, the United States has contributed importantly to the development of an international rules-based trading system through a number of accords, including the WTO Agreements that entered into effect in 1995. The United States and the UAE – among many other Member States of the WTO – have reaped considerable economic rewards from their adherence to this system.<sup>10</sup>

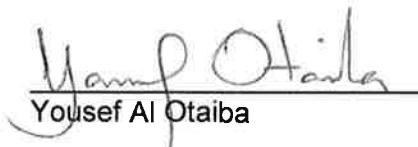
The UAE respectfully submits that BIS should ensure that any remedies recommended pursuant to this investigation adhere to U.S. obligations under the WTO. Specifically, the United States has committed to its trading partners that it would impose trade-restricting remedies for U.S. industries only under the circumstances permitted by the WTO Agreements. These WTO Agreements include the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, the Agreement on Subsidies and Countervailing Measures, and the Agreement on Safeguards. The UAE also draws the attention of BIS to the strong presumption of national treatment set forth in the General Agreement on Tariffs and Trade at Article III – a bedrock principle of the rules-based international trading system – and one from which the exceptions are narrowly circumscribed.

For these reasons, BIS should take care not to recommend trade-restrictive measures that, if imposed, would be inconsistent with the international trade remedy rules agreed to by the United States.

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MOFA reiterates its appreciation for the opportunity to submit these comments, and looks forward to a continuing vibrant economic and security relationship between our two countries.

Respectfully submitted,

  
Yousef Al Otaiba

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<sup>8</sup> *Id.* at 3, 19.

<sup>9</sup> *Id.* at 9.

<sup>10</sup> See generally, World Trade Organization, *10 Things the WTO Can Do* (Accessed June 6, 2017), available at [https://www.wto.org/english/thewto\\_e/whatis\\_e/10thi\\_e/10thi00\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/10thi_e/10thi00_e.htm).