June 20, 2017

BY E-MAIL: ALUMINUM232@BIS.DOC.GOV

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

Re: Section 232 National Security Investigation of Imports of Aluminum: Comments of American Association of Exporters and Importers

Dear Mr. Botwin:

On behalf of the American Association of Exporters and Importers ("AAEI"), we submit the following written comments to the Bureau of Industry and Security ("BIS"), in connection with its national security investigation of imports of aluminum, pursuant to Section 232 of the Trade Expansion Act of 1962, as amended, 19 U.S.C. § 1862. These comments are timely submitted in accordance with BIS' Federal Register notice, 82 Fed. Reg. 25,597.

I. ABOUT AAEI

AAEI has been a national voice for the international trade community in the United States since 1921. AAEI represents the entire spectrum of the international trade community across all industry sectors. Our members include manufacturers, importers, exporters, wholesalers, retailers and service providers to the industry, which is comprised of brokers, freight forwarders, trade advisors, insurers, security providers, transportation interests and ports. Many of these enterprises are small businesses seeking to export to foreign markets. AAEI promotes fair and open trade policy. We advocate for companies engaged in international trade, supply chain security, export controls, non-tariff barriers, import safety and customs and border protection issues. AAEI is the premier trade organization representing those immediately engaged in and directly impacted by developments pertaining to international trade. We are recognized as the technical experts regarding the day-to-day facilitation of trade, including the administration of and compliance with customs laws of the United States, including antidumping and countervailing duty laws.

II. IMPORTANCE OF FAIR TRADE

AAEI members recognize the importance of ensuring that global trade in aluminum and other input products is fair, and that U.S. trading partners play by the rules. To the extent that our trading partners are engaged in dumping or subsidization of aluminum exports the United States, those imports are rightly subjected to trade remedies under the U.S. statutes governing antidumping and countervailing duty investigations. Further, to the extent that significant downward pressure on aluminum
commodity prices is being felt due to overcapacity of production in certain foreign markets, global solutions, such as multilateral agreements on orderly capacity reduction, should be found.

III. CONCERNS ABOUT OVERLY BROAD DEFINITION OF NATIONAL SECURITY

We are, however, concerned about the notion of seeking to remedy unfair trade or global overcapacity through an overly broad definition of “national security” and the use of sweeping trade restrictions under Section 232. We do not believe that this is the proper role of a “national security” related remedy, which should be more narrowly focused on two considerations: (a) what specific national security needs are not being met; and (b) whether a targeted remedy that is not unduly disruptive to the rest of our national economy can ensure essential supply to our defense sector. If the focus is something different, such as to remedy unfair trade practices, we believe the proper course of action is for the industry to seek relief under the laws established for those purposes, such as the antidumping and countervailing duty laws. These laws have well-established procedural requirements for determining injury and assessing the appropriate scope and level of remedies. In contrast, application of Section 232 remedies creates the risk that other countries will see it as an invitation to protect a potentially unlimited number of their own industries from fairly traded goods under the guise of “national security.” Escalation and retaliation are considerable risks if the Section 232 remedy is overly broad and not well-grounded in the country’s national security.

IV. PRODUCT COVERAGE

With these concerns in mind, these comments address perhaps the most relevant question before the Department if it does determine that trade remedial action is warranted: namely, what products should be covered. For the reasons set forth in detail below, AAEI believes that if the President takes action to restrict imports under Section 232, import relief should be limited to primary aluminum only. Moreover, any relief should not include downstream products.

A. National Security Concerns With Respect To High Purity Aluminum

AAEI’s understanding is that the principal national security concerns with respect to aluminum relate specifically to high purity aluminum used to make certain military jets and armored vehicles, and that type of aluminum is produced at Century Aluminum’s Hawesville, Kentucky plant. Century Aluminum itself only makes primary aluminum. If the continued viability of Century Aluminum’s Hawesville, Kentucky plant is the driving force behind the President’s national security concerns about high purity aluminum, the remedy should then focus on the category of products specifically made by Century Aluminum’s Hawesville, Kentucky plant, namely primary aluminum.

With respect to the definition of the “primary aluminum” industry, AAEI recommends that the Department consider reliance on the North American Industry Classification System (NAICS), a collaborative industry identification system developed together with Canada and Mexico and used by U.S. Government agencies such as the Census Bureau and the Bureau of Labor Statistics. Specifically, the scope of any remedy should not reach beyond the industry defined within NAICS code 331313, “Alumina Refining and Primary Aluminum Production.” This NAICS code defines the U.S. industry as comprising establishments primarily engaged in “(1) refining alumina (i.e., aluminum oxide) generally from bauxite; (2) making aluminum from alumina; and/or (3) making aluminum from alumina and rolling, drawing, extruding, or casting the aluminum they make into primary forms.” AAEI submits that any remedial actions should be limited to this single aluminum industrial sector.

B. Any Relief Should Not Include Downstream Products

AAEI also recommends that the Administration should not include downstream further manufactured goods made from primary aluminum and basic aluminum shapes, for several reasons.

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1 See Exhibit 1, which includes information from the website of Century Aluminum.
2 See Exhibit 2 for the NAICS website printout for this code.
First, President Trump’s April 27, 2017 Memorandum directs the Secretary of Commerce, pursuant to Section 232, to determine whether “aluminum is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security,” and if so, to “recommend actions and steps that should be taken to adjust aluminum imports so that they will not threaten to impair the national security.” The President’s Memorandum directs the Secretary of Commerce to recommend adjustments to “aluminum imports” (if necessary), but does not direct the Secretary to recommend adjustments to downstream products that are further manufactured from aluminum imports.

Second, neither the notice issued by Secretary Ross to initiate the Section 232 investigation, nor the National Security Industrial Base Regulations criteria, direct the Secretary to consider possible import restraints on downstream products in a Section 232 investigation.

Third, it is important that the Department of Commerce identify a precise product scope for its investigation, so that all U.S. importers have notice of what products are included in or excluded from any import restrictions that the President may impose under Section 232. An inability to provide precise definitions of products that are covered will harm importers by not allowing them to adjust their supply chains in a manner to comply with any Section 232 relief. Including further manufactured downstream products will inevitably create vague contours that will create unintended harm to the importing community.

Fourth, if the Department of Commerce does not identify the exact scope in advance, it will be impossible for interested parties to comment on the appropriateness or impact of import competition on the economic welfare and possible relevant factors that could cause a weakening of the national economy.

Fifth, including downstream products would present a multitude of problems for purposes of the Section 232 analysis that the Department of Commerce and other agencies must provide to the President. How would the Section 232 investigation determine the effect on national security of possible import restraints on national security with respect to the further downstream manufacturers that now must pay more than the world market price for their inputs? For example, if the import relief is extended to downstream component parts that are made for subassemblies, the Department of Commerce would need to consider whether this would weaken the defense industrial base with respect to subassembly manufacturers that would have a competitive disadvantage vis-à-vis their foreign competitors, because of imports of increasing “component parts.” It is simply too complicated for the Department of Commerce, in conjunction with the other agencies involved in the Section 232 recommendation (such as the Department of Defense, or Department of Homeland Security) to investigate the effects of import restraints potentially placed on the myriad of downstream products made from primary aluminum and basic shapes, and to draw dividing lines from scratch.

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5 15 C.F.R. § 705.4.
V. CONCLUSION

For all the above reasons, AAEI urges the Department of Commerce to define the scope of its Section 232 investigation to cover only primary aluminum as defined by NAICS code 331313, and that if the Department of Commerce recommends import relief under Section 232, the import relief should extend only to these aluminum products.

Sincerely,

Marianne Rowden
President & CEO
Exhibit 1
Company

Company at a Glance

Century Aluminum Company is a global producer of primary aluminum and operates aluminum reduction facilities in the United States and Iceland. We operate three U.S. aluminum smelters, in Hawesville, Kentucky (Hawesville), Robards, Kentucky (Sebree) and Mt. Holly, South Carolina (Mt. Holly), and one smelter in Grundartangi, Iceland (Grundartangi). In 2008, we commenced construction on a new aluminum reduction facility in Helguvik, Iceland (Helguvik), construction of which is currently curtailed. Our primary aluminum facilities produce standard grade and value-added primary aluminum products.

Our current annual primary aluminum production capacity is approximately 1,013,000 tonnes per year (tpy), of which 267,000 tpy remained curtailed as of December 31, 2015. We produced approximately 936,000 tonnes of primary aluminum in 2015.

In addition to our primary aluminum assets, we also own a carbon anode production facility located in Vlissingen, the Netherlands (Vlissingen) and hold a 40% interest in Baise Haohai Carbon Co., Ltd. (BHH), a joint venture that owns and operates a carbon anode and cathode facility located in the Guangxi Zhuang Autonomous Region of south China. Carbon anodes are used in the production of primary aluminum and both BHH and Vlissingen currently supply carbon anodes to Grundartangi.
Our Hawesville, Ky. facility is our largest U.S. plant, with a production capacity of approximately 252,000 metric tonnes per year (mtpy). The facility is 100-percent owned and operated through our wholly owned subsidiary, Century Kentucky, Inc.

We believe that Hawesville has a competitive advantage as the largest producer of high purity aluminum in North America. Four of Hawesville's five potlines are specially configured and operated to produce high purity primary aluminum. The average purity level of primary
aluminum produced by these potlines is 99.9 percent, compared to standard-purity aluminum which is approximately 99.7 percent. High-purity primary aluminum is generally sold at a premium to standard-purity aluminum.

Aluminum from the Hawesville smelter supplies the electrical conductor, remelt ingot and high-purity ingot markets, as well as the defense and aerospace industries. A large portion of Hawesville’s specially configured facility provides the high-conductivity metal required by Hawesville’s largest customer, Southwire, for its electrical wire, cable and certain aerospace products.

Our high-purity product also supports the United States’ national security efforts and is used in defense applications such as the F16, Airbus, Naval war vessels, 747 airplanes and the International Space Station.

**Economic Impact**
Century Aluminum is a major contributor to the Hawesville economy. We offer attractive benefits packages to our employees among the best in the region.

According to a study done by Younger Associates in December 2011, during the prior fiscal year, local property taxes paid directly by Century Aluminum exceeded $800,000. Tax revenues generated indirectly by Century’s operations were estimated to exceed $1.5 million, creating a total local tax revenue impact of more than $2.3 million annually.1

Click here (http://centuryaluminum.com/impact.php) to read more about our impact on local communities.

**Employment**
Approximately 280

**Rated Primary Aluminum Capacity**
– The largest producer of high-purity primary aluminum in North America
– Total primary aluminum capacity is 252,000 mtpy

**Reduction Facilities**
– Began operation in 1969
– Five potlines of 112 pre-bake end riser cells each

**Carbon Facilities**
– One green anode plant with vibrating anode former
– Three in-ground open-top ring furnaces
– One rodding shop with full cast iron capabilities

**Casts House Facilities**
Sow casting equipment with overhead cranes
Power Supply
Hawesville has a power supply arrangement which provides market-based power to the Hawesville smelter. Under this arrangement, the power companies purchase power on the open market and pass it through to Hawesville at Midcontinent Independent System Operator ("MISO") pricing plus transmission and other costs.

Product Shipping Capabilities
Truck, rail and barge (Ohio River)

Quality Certification

Products
For information on products made at our Hawesville facility, click here.

Contact Information

Address
1627 State Hwy 271 N
Hawesville, KY 42348

Telephone
(270) 685-2493

Products

Century’s facilities produce standard-grade, high-purity and value-added primary aluminum products. We are proud of our product quality and the variety of industries we serve, including customers in the aerospace, automotive, defense and energy industries.

Grundartangi

Products
Standard ingots (20-22 kg) in primary grades P0610, P1015, P1020 and primary foundry alloy grade A356.

Hawesville

Products
Molten
Grades: P0202A thru P1020A
Sow
Low Profile: nominal 1400 lb.; 40" wide, 11½" high, 52" long
Grades
P0202A, P0303A, P0404A, P0506A, P0610A, P1020A

Mt. Holly

Products
T-Ingot, Extrusion Billet and Horizontal Direct Chill (HDC) Ingot
**Billet Capabilities**

--Airslip or conventional casting capability

--Lengths – Up to 298 inches (7.533 meters) cropped and 310 inches (7.836 meters) uncropped

--Diameters – 6.0 inches (15.24 cm), 6.5 inches (16.51 cm), 7.0 inches (17.78 cm), 8.0 inches (20.32 cm), 9.0 inches (22.86 cm), 10 inches (25.40 cm), 11 inches (27.94 cm), and 12 inches (30.48 cm)

**HDC Capabilities**

35-pound ingots 30.5 inches long

**T-Ingot Capabilities**

12 X 34 inches – 33.4 pounds per inch

**Alloys**

Pure, EC, 1050, 1060, 1100, 1145, 1200, 1235, 1350, 1435, 3003, 3004, 3005, 3102, 3104, 3105, 6004, 6005, 6006, 6060, 6061, 6063, 6101, 6105, 6151, 6162, 6351, 6463, Rotor #1, #2, #3, #4, #5, A306.3, 319.2, C355.2, 356.1, 356.2, A356.2, A357, C357

**Sebree**

**Products**

Extrusions Billet, Molten, Slab, and Sow

**Molten**

Grades: P0610 and P1020

**Sow**

Low profile: normal 1500 lb.; 44"W, 11.4"H, 54.5"L

Grades: P0610 and P1020

**Billet**

--Air Slip and NuMax (10"/12") Technology

--7.0" (17.78 cm), 8.0" (20.32 cm), 9.0" (22.86 cm), 10" (25.40 cm), and 12" (30.28 cm)

--1XXX, 2XXX, 3XXX, and 6XXX

--Up to 70 active alloy combinations, custom ordering available

**Slab**

--26"D x 66"W

--Length up to 216" uncropped, 204" cropped

--1XXX, 2XXX, 3XXX, 5XXX, and 6XXX

--Up to 70 alloy combinations, custom ordering available
Exhibit 2
331313 Alumina Refining and Primary Aluminum Production

This U.S. industry comprises establishments primarily engaged in one or more of the following: (1) refining alumina (i.e., aluminum oxide) generally from bauxite; (2) making aluminum from alumina; and/or (3) making aluminum from alumina and rolling, drawing, extruding, or casting the aluminum they make into primary forms. Establishments in this industry may make primary aluminum or aluminum-
based alloys from alumina.

Cross-references. Establishments primarily engaged in--

- Manufacturing aluminum oxide abrasives and refractories--are classified in Subsector 327, Nonmetallic Mineral Product Manufacturing; and
- Recovering aluminum from scrap or alloying purchased aluminum--are classified in U.S. Industry 331314, Secondary Smelting and Alloying of Aluminum.

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shapes (e.g., bar, ingot, rod, sheet)

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