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**Constellium Submission
Regarding
Section 232 National Security Investigation of Imports of Aluminum**

June 20, 2017

Constellium, a global downstream aluminum leader and long-time partner of the U.S. Defense industry

Constellium welcomes the Department of Commerce's and the Trump Administration's leadership in initiating an investigation into the impact of aluminum imports on U.S. national security under Section 232 of the Trade Expansion Act of 1962. Constellium is pleased to respond to the Department's request for public comments, and we stand ready to provide further data, support, and information to the Department during the course of the investigation.

Constellium is a downstream aluminum leader, listed on the NYSE that designs and manufactures products mostly for the aerospace, automotive, packaging and defense markets. With 12,000 employees, we generate \$5 billion in revenue with the U.S. representing around 40% of our business. We have a large industrial presence with plants in Ravenswood, WV, Muscle Shoals, AL, Van Buren, MI, Bowling Green, KY and White, GA, and with a new R&D hub in Plymouth, MI. Since 2013, we have opened two brand new plants and significantly upgraded and expanded our existing ones.

We are committed to ensuring our people are safe, skilled, motivated and engaged, and we are committed to give back to the local communities where we operate. Safety is our #1 priority and our recordable case rate is among the best in the industry.

Our main clients include Boeing, Airbus, Lockheed Martin, SpaceX, AB InBev, Amcor, Rexam/Ball, Ford, General Motors, BMW to name a few. In the Defense market, we have been a key partner to the U.S. Defense industry for decades, working with US Defense companies such as Lockheed Martin, BAE Land & Armaments L.P or General Dynamics.

We partner with the U.S. Army to develop new aluminum solutions that offer better performance and contribute to improved survivability for personnel. We work for instance with TARDEC, the U.S. Army Tank Automotive Research Development and Engineering Center, to support the development of the Combat Vehicle Prototype (CVP) platform. We also provide aluminum plates for the U.S. Navy.

In our plant in Ravenswood, WV, we are manufacturing advanced alloys for military aircraft and armored vehicles that are faster, lighter, safer and longer lasting. Ravenswood plant's

unique assets are critical to make the largest plates and components needed for military aircrafts such as the Boeing C-17 Globemaster transporter. We are also providing strong and light low-density plates for jet fighters, including the F-16 and the new F-35 Joint Strike Fighter.

We consider the US to be one of our key markets, and it is today our most promising growth market. This is why we have heavily invested in the U.S.: in the last five years, we invested over \$1.8 billion in our U.S. plants to maintain our assets and prepare for future growth. In Ravenswood alone, we invested \$170 million over the last five years, including \$30 million for a new pusher furnace.

Our current positioning as a global leader is the direct result of this significant investment programs. However, our business is threatened today by China's long-term practice of market-distorting policies and overproduction, which impacts our company and how we operate and invest in the U.S.

The impact of China's unfair pricing and non-reciprocity in the access to raw materials to Constellium's business

The risks that we are facing today are directly linked to the cost advantage the Chinese aluminum converters are benefiting from. Predatory pricing, favorable export policies for aluminum semi-fabricated products, non-reciprocity in market access, less stringent regulations with respect to labor and environment protection have allowed Chinese companies to operate in the U.S. market with an unfair advantage, resulting in an uneven playing field for U.S. companies.

In particular, non-reciprocity in the access to low cost raw material puts us at great disadvantage. Primary aluminum traded on the Shanghai Futures Exchange (SHFE) has regularly a price advantage over the price paid by U.S. players based on the London Metal Exchange – but non-Chinese players cannot buy this raw material at the same price on the SHFE, as there is a 15% export duty on primary metal and on aluminum scrap.

This cost advantage is even greater for the Chinese aluminum conversion industry, as Chinese rollers and extruders, in addition to benefiting from lower production costs and lower raw material costs, are also profiting from a 13% VAT rebate on their exports.

Concretely, this means that for a product that would sell for \$3,000, China would have a \$500+ advantage through tariff and duty structure, which represents more than half of our value add.

China's overproduction and unfair pricing has already impacted our business, even though we believe the worse is still to come. Already, we have witnessed a significant increase of China's U.S. imports of plates from 5kt in 2012 to almost 70kt in 2015, which represented more than 25% of the market and more than our own plate shipments from Ravenswood. This resulted obviously in missed revenue for our plant and our U.S. business.

This situation threatens our downstream business, which relies on both high value-added products (such as the defense products) and larger volume standard products (such as engineering plates), because of the fixed costs incurred by our facilities' large installed capacity and equipment – mills in particular are significant investments that require substantial volumes to cover for their fixed cost. Our Defense business, which represents around 5% of our revenue in the U.S., is dependent on these greater volumes.

As China's interest and skills in aluminum value-added products are rising, our industry is at even greater risk. In the coming years, China is expected to acquire the technical knowledge to also produce higher end products and is already pushing into the global aerospace and automotive markets¹. Experts are already expecting their presence to heat up competition in these markets, which would mean that our plants would then need to compete against Chinese aerospace and automotive products – in the same unfair environment.

Such a situation is obviously not sustainable in the long-term, and has a direct impact on our capacity to invest in our plants and in our assets. Our industry is at risk and needs strong actions before it's too late. **Immediate remedies addressing the whole value chain and targeting all products, without exclusions, are necessary.**

Protecting existing fair trading relationships between the U.S. and rule-abiding trading partners

While actions are needed to address the excess capacity and unfair pricing from China, I would like to express our strong support of fair and rules-based trade of aluminum among the United States, Canada, and Europe. Our industry is interlinked via a global supply chain that is critical for the success of the aluminum business in the United States and relies on good and longstanding trading partners such as Canada and Europe. The result of this investigation should protect and further strengthen the deep trading relationships that exist among these countries.

As an example, with respect to national security, we take advantage of our integrated supply chain to deliver cost efficient and high performance aluminum solutions to the U.S. Defense market. While the vast majority of our defense products come from our Ravenswood plant, certain alloys and tempers in certain gauges can be manufactured more efficiently and more economically in other facilities, providing better value to the customer and the taxpayers. For example, 5083-H116 plate, a highly used alloy for Navy ships, is not available in thicknesses between 3/8 – 1" from Ravenswood, but can be supplied by Constellium's mill in Issoire, France. This positive contribution to our national security and our economy is made possible by free and fair trade between the United States and Europe.

¹ <https://www.bloomberg.com/news/articles/2016-09-05/china-chasing-cars-and-planes-heralds-next-upheaval-for-aluminum>
<http://www.reuters.com/article/us-china-aluminium-expansion-idUSKBN12H0EG>

For the foregoing reasons, Constellium respectfully requests that the Commerce Department and the Administration formulate actions under Section 232 to address China's unfair trading practices. Remedies should target all Chinese-origin products – without exception - and consider the whole value chain. Remedies should be precisely tailored to promote a long-term solution that addresses China's trade-distorting subsidies, while protecting existing trading relationships between the U.S, Canada and Europe.